

**FRANCHISE AGREEMENT FOR**

**FINANCIAL SERVICE FRANCHISE**

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THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

AMONG:

(FRANCHISE COMPANY)  
a corporation incorporated  
under the laws of Ontario;

(hereinafter referred to as "Cash Company")

OF THE FIRST PART;

-and-

\_\_\_\_\_  
(hereinafter referred to as the "Franchisee")

OF THE SECOND PART;

-and-

\_\_\_\_\_ in the City of \_\_\_\_\_,  
in the Province of \_\_\_\_\_;

(hereinafter referred to as the "Guarantor")

OF THE THIRD PART;

WHEREAS \_\_\_\_\_ has developed a unique marketing plan and system (hereinafter called the "System") for the development, opening and operating of distinctive retail businesses offering a variety of financial and telecommunication related products and services, including cheque cashing, payday advances, money transfers, currency exchange, prepaid cellular telephones and prepaid long distance telephone cards;

AND WHEREAS the distinguishing features of the System include, but are not limited to the unique methods and procedures, specially designed premises with distinctive equipment, equipment layouts, interior and exterior accessories, identification schemes, Products and Services and services, management programs, standards, specifications and proprietary marks and information;

AND WHEREAS \_\_\_\_\_ carries on its business under the trademark and name "\_\_\_\_\_", and other proprietary identifying characteristics used in relation to and in connection with its business, and is the owner of the trademarks "\_\_\_\_\_" and other proprietary identifying characteristics and logos;

AND WHEREAS \_\_\_\_\_ has granted to Cash Company the right to licence others to use the System and the trademarks owned by \_\_\_\_\_ in the operation of \_\_\_\_\_ (insert name) franchises;

AND WHEREAS by reason of a uniform business format and system and high standards of quality and service, Cash Company have established an excellent business reputation, created a substantial demand for their Products and Services and services and built-up valuable goodwill;

AND WHEREAS the Franchisee is desirous of acquiring from Cash Company the right and licence to operate a Cash Company franchise utilizing the System and upon the terms and conditions hereinafter set forth;

NOW THEREFORE this agreement witnesseth that in consideration of the mutual covenants and agreements herein contained the parties hereto do hereby covenant and agree with each other as follows:

**1. DEFINITIONS**

Where used herein or in any schedules or amendments hereto, the following terms shall have the following meanings:

- 1.1 "Franchised Business" means the retail store to be operated by the Franchisee under the trade name " \_\_\_\_\_ " at the Premises pursuant to the provisions of this agreement;
- 1.2 "Gross Sales" means the entire amount of the actual sales price of all sales of Products and Services and all other commissions, fees, receipts or receivables whatsoever from any and all business conducted upon or originating from the Premises, including telephone order sales, whether such sales or other receipts be by cheque, for cash, credit, charge accounts, exchange or otherwise and whether such sales be made by means of mechanical or other vending devices in the Premises, provided that in respect of transactions involving the exchange of currencies the Franchisee's Gross Sales shall be the difference between the amount paid for such currency, and the amount such currency was sold for (commonly called the "spread"), in the applicable transaction. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. Gross Sales shall include the amount of all sales assumed to have been lost by the interruption of business at the Premises, to be determined on the basis upon which proceeds of any business interruption insurance are paid or are payable to the Franchisee or other occupiers of the Premises. Gross Sales shall not include; (i) the amount of any tax imposed by any federal, provincial, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by the Franchisee to such governmental authority; (ii) the amount of the refund or credit given in respect of any Products and Services returned or exchanged by a customer for which a refund of the whole or a part of the purchase price is made or for which a credit is given, provided that the selling price thereof was included in Gross Sales, and (iii) the amount of any credit granted by Cash Company to the Franchisee under any national coupon redemption or similar promotion program. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the week during which such charge or sale shall be made, irrespective of the time when the Franchisee shall receive payment (whether full or partial) therefore;
- 1.3 "Initial Term" means the five (5) year term provided for in Article 3.1 hereof;
- 1.4 "Interest Rate" means a rate of interest equal to the lesser of two percent (2%) per month (twenty-four percent (24%) per annum) or the maximum rate of interest permitted by law;
- 1.5 "Manual" means, collectively, all books, pamphlets, bulletins, memoranda, letters, notices, video or audio tapes, computer media (i.e. computer software, CD-Rom) or other publications, documents or electronic communications (i.e. internet and/or intranet), prepared by or on behalf of Cash Company for use by franchisees generally or for the Franchisee in particular, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the operation of Cash Company stores, as same may be amended from time to time;
- 1.6 "Marks" means the trade marks, trade names and other commercial symbols and related logos as set forth in Schedule "A" hereto, including the trade name " \_\_\_\_\_ ", together with such other trade names, trade marks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Cash Company as part of the System from time to time, and not thereafter withdrawn;
- 1.7 "Premises" means the Premises at which the Franchised Business is to be located, as described in Schedule "A" hereto;

1.8 "Products and Services" means all products, services, wares, merchandise, supplies, accessories and items sold, dispensed, handled or otherwise dealt in, and all services performed at or from the Premises; and

1.9 "Transfer" has the meaning provided in Article 16.1 below.

## 2. GRANT

### 2.1 *Grant*

Subject to the provisions of this agreement and for the term hereinafter specified, Cash Company hereby grants to the Franchisee a non-exclusive right to operate a Cash Company store at and only at the Premises and a non-exclusive licence to use the System and Marks solely and exclusively in the operation thereof. Termination or expiration of this agreement shall constitute a termination or expiration of the rights and licence granted herein.

### 2.2 *No Exclusivity*

The parties acknowledge and agree that the grant to the Franchisee is site specific, non-exclusive, solely for use by the Franchisee at the Premises, and that no territory or other protected geographic area is provided to the Franchisee by this agreement. Nothing in this agreement or at law shall prevent Cash Company or \_\_\_\_\_ from:

- (a) operating or granting anyone else the right or a franchise to operate a Cash Company retail store business anywhere in the World;
- (b) distributing, offering, or granting to someone else the right or a franchise to distribute or offer, the same or similar Products and Services, using the same or different Marks, anywhere in the World:
  - (i) by means of mail order, television, satellite, catalogue sales, internet website or other means of electronic advertising or commerce;
  - (ii) through department stores, supermarkets, vending machines, grocery or similar stores, and/or as part of or in combination with other retail establishments, such as by way of example, as a concession, department or kiosk, and/or through other alternate or non-traditional channels of distribution; and/or
  - (iii) through retail store locations.

## 3. TERM

### 3.1 *Initial Term*

The term of this agreement shall commence on the date hereof, and shall expire either at midnight on the day preceding the fifth (5<sup>th</sup>) anniversary thereof or on the expiration of the Franchisee's lease or sublease of the Premises, whichever date shall be the earlier, unless terminated sooner in accordance with the provisions of this agreement (the "Initial Term"). Notwithstanding the foregoing, Cash Company may, in its sole discretion, on notice to the Franchisee, extend the Initial Term beyond the length of time hereinbefore specified for the purposes of having the Initial Term coincide with the then remaining term, or part thereof, of the lease or sublease of the Premises. Any such extension shall be considered part of the Initial Term.

### 3.2 *Renewal*

If, throughout the Initial Term, and then current renewal term, if any, the Franchisee shall have fully complied with all of the terms and conditions of this agreement and any other agreement entered into between Cash Company and the Franchisee and shall have complied with the

operating standards and criteria established for the Franchised Business, including, without limitation, the System, the Franchisee shall have the option to renew this agreement for three (3) renewal terms, each one five (5) years in length. Each such renewal term shall commence on the expiry of the Initial Term or immediately preceding renewal term, as applicable, of this agreement and end on the earlier of: (i) the fifth (5<sup>th</sup>) anniversary thereof; and (ii) the expiry of the Franchisee's lease or sublease of the Premises, unless terminated sooner in accordance with the terms and conditions of this agreement. Each such renewal shall be subject to the following terms and conditions being complied with in full prior to the expiration of the Initial Term or then current renewal term, as applicable.

- (a) The Franchisee shall give Cash Company written notice of his desire to exercise the renewal option herein provided for not less than six (6) months prior to the expiration of the Initial Term, or then current renewal term, as applicable, provided that such notice shall not be given before the commencement of the last year of the Initial Term, or then current renewal term, as applicable;
- (b) The Franchisee shall do or cause to be done all such things as Cash Company may require to ensure that the Franchised Business satisfies the then current image, standards and specifications established by Cash Company for new franchises in the System whether or not such image, standards or specifications reflect a material change in the System in effect during the Initial Term hereof, or then current renewal term, as applicable. Without limiting the generality of the foregoing, the Franchisee shall make such capital expenditures as Cash Company shall determine as being reasonably required in connection with the foregoing for the modernization and refurbishing of the Premises and all fixtures, furnishings, equipment and signs therein or thereon;
- (c) The Franchisee is not in default of any provision of the lease or sublease for the Premises and satisfies Cash Company that it has the right to remain in possession of the Premises for such renewal term;
- (d) The Franchisee shall reimburse Cash Company for all reasonable legal fees and other costs and expenses incurred by it incident to the exercise of the renewal option herein provided for;
- (e) The Franchisee shall have paid all amounts owing by it to Cash Company.
- (f) At the commencement of the second renewal term, the Franchisee shall, at the option of Cash Company, execute a new franchise agreement in the form then being used by Cash Company, which may contain different royalty rates and advertising contributions than contained in this agreement, and shall execute such other documents and agreements as are then customarily used by Cash Company in the granting of franchises. If Cash Company shall elect not to execute such a new franchise agreement, all of the provisions contained in the franchise agreement in effect immediately prior to the commencement of such renewal term shall remain in force during such renewal term (except for any further right of renewal after the third renewal term); and
- (g) The Franchisee shall have paid to Cash Company, Cash Company's then current renewal fee, which shall not, in respect of the first and third renewal term, exceed ten percent (10%) of the then current initial franchise fee, but in respect of the second renewal term, shall be equal to Cash Company's then current initial franchise fee.

#### **4. INITIAL FEE & ROYALTY**

##### **4.1 *Initial Fee***

In consideration of the Franchisee receiving the opportunity to establish the Franchised Business, the Franchisee shall pay to Cash Company, forthwith upon the execution of this agreement, an initial, non-recurring, non-refundable franchise fee in the amount of Thirty-Five Thousand Dollars (\$35,000). This initial franchise fee shall be deemed to be fully earned by Cash Company

upon the execution of this agreement by Cash Company and in consideration of the grant by it to the Franchisee shall not be entitled to a refund of any part thereof, regardless of the date of termination of this agreement, except as specifically provided herein.

**4.2 *Continuing Royalty***

In return for the on-going rights and privileges granted to the Franchisee hereunder, the Franchisee shall pay to Cash Company, throughout the term of this agreement, a royalty of seven percent (7%) of Gross Sales for each week (Monday to Sunday), such royalties to be payable in arrears on or before the Wednesday immediately following the expiry of the week for which payment is being made.

**4.3 *Sales Taxes***

Any and all amounts expressed as being payable pursuant to this agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by the Franchisee shall, in addition, include an amount equal to any and all goods and services taxes, sales taxes, value added taxes, or other taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this agreement.

THIS IS A 40-PAGE DOCUMENT.