



FRANCHISE CONTRACT AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Franchise CONTRACT/Agreement is made and entered by **RAW URBAN FRANCHISING INCORPORATED** duly registered as an existing company under the laws of the PHILIPPINES;

With business address at 3B, #87 Ville Martha Bldg., Mac Arthur Highway. Marulas, Valenzuela City, Philippines

Here in after called the **FRANCHISOR**;

And

With address at

Here in after called the **FRANCHISEE**.

WITNESSETH:

WHEREAS, the **FRANCHISOR**, as a result of expenditure of time, skill, effort and money, has developed an intellectual property related to the operation and distribution of other related products.

WHEREAS, the distinguishing characteristics of the system is include, but not limited to food preparation, products, services, designs, specifications and procedures of operation, consistency and uniformity of products and services offered, training and assistance, advertising and promotional programs, all of which may be charged, improved and further developed by **FRANCHISOR** from time to time;

WHEREAS, the **FRANCHISOR** identifies the system by means of certain trade name, trademark, logo, emblems of origin, including other trade names, service marks and trademarks as are now designated and may hereafter be designated by **the FRANCHISOR** in writing, for the use of connection with the system, hereinafter referred to as **PROPRIETARY MARKS**.

WHEREAS, the **FRANCHISOR** continues to develop, use and control the use of such proprietary marks in order to identify by the public the source of service and to represent the system's high standards of quality, appearance and services.

WHEREAS, the **FRANCHISEE** desires to enter into the business of operating _____ products and wishes to obtain a CONTRACT for that purpose as well as to receive related trainings and assistance from the **FRANCHISOR**.

WHEREAS, the **FRANCHISEE** understands and acknowledges the importance of **FRANCHISOR's** high standards of quality, appearance, service and the necessity of operating the business in conformity with the **FRANCHISOR's** standards and specifications.

WHEREAS, the **FRANCHISEE** declares that he/she has the adequate personnel, organizational facilities, and working capital satisfactory to **FRANCHISOR** to perform the obligations set forth hereunder.

WHEREAS, the **FRANCHISOR** expressly disclaims the making of, and the **FRANCHISEE** has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits, or success of the business venture contemplated by this CONTRACT.

WHEREAS, the **FRANCHISEE** acknowledges that it has conducted an independent investigation of the business venture contemplated by this CONTRACT and recognizes that it involves business risks and that success of the venture is largely dependent upon the Franchisee's business abilities.

WHEREAS, the **FRANCHISEE** further acknowledges that it has read the CONTRACT and that it has signed the same using its business judgment, and not in consideration of any representation made by the **FRANCHISOR**, or its employees or agents.

NOW, THEREFORE, the parties in consideration of the foregoing hereby agree as follows:

I. BUSINESS GRANT

- a. Subject to all the terms and provisions hereof, **FRANCHISOR** hereby grants to **FRANCHISEE** the right to operate such business.
- b. The grant of rights to the **FRANCHISEE** shall be limited to operate the business of _____ which shall at all times be located at _____.
- c. The **FRANCHISEE** shall not be allowed to transfer the business location to another without the prior written consent of the **FRANCHISOR**.

II. FEES

a. Initial Fee:

In consideration of the issuance of the business grant, the **FRANCHISEE** shall pay to the **FRANCHISOR** the amount of _____, Philippines Currency, which includes;

(Product Inclusions):

- Use of Trade Name and Logo
- Use of Business System
- Franchise Contract
- Marketing Support
- Operations Training & Seminar
- Financial Advisory
- _____ Food Cart
- 1 set of Equipment & Utensils
- ___ sets of Uniform

The fee shall be deemed fully by the **FRANCHISOR** upon execution of this agreement.

b. Application of Payments.

Notwithstanding any designation to the contrary, the **FRANCHISOR** shall have sole discretion to apply **FRANCHISEE**'s payments to any of its outstanding amount.

c. Non-Withholding Of Payment.

The **FRANCHISEE** acknowledges that its obligation to pay any or all amounts under this agreement is absolute and it has no right to withhold payment of any outstanding obligations under this CONTRACT. The payment cannot be conditioned upon **FRANCHISEE**'s perception of compliance with the **FRANCHISOR**'s obligations under this CONTRACT.

d. Initial Term

1. The term of this CONTRACT shall be for a period of two (2) year beginning on the date this CONTRACT is signed by the parties, subject to renewal upon the agreement of the parties.

2. Notwithstanding the foregoing, the **FRANCHISOR** shall, have the right to terminate this CONTRACT under the following Conditions:

- 2.1 Violation of any provisions of the Franchise CONTRACT/Agreement.
- 2.2 Failure of the franchisee to adhere to the quality and operational standards of the **FRANCHISOR**.
- 2.3 Selling of the products other than the product scope of the Franchise without the **FRANCHISOR**'s written consent.
- 2.4 Default in payments.
- 2.5 Using the technology, operational system and products and putting up a business in competition with **FRANCHISOR**.

2.6 Disclosure of Franchise information to business competitors.

2.7 Constant failure in Franchisee Visitation/Inspection Report.

III. TRADE NAME STANDARDS

FRANCHISEE hereby acknowledges and agrees that the Trade Name is the exclusive property of the **FRANCHISOR** and the **FRANCHISEE's** right to use the Trade Name is specifically conditioned upon the following terms and conditions:

- a. The Trade Name “_____” is an intellectual property owned by **FRANCHISOR** and is the exclusive owner of all rights, title and interest in and to the Trade Name.
- b. The **FRANCHISEE** acknowledges that its right to use the **FRANCHISOR's** marks is derived solely from this CONTRACT. Any unauthorized use of the **FRANCHISOR's** trademark by the **FRANCHISEE** is a breach of this CONTRACT and an infringement of the rights of the **FRANCHISOR**.
- c. The **FRANCHISEE** acknowledges that the **FRANCHISOR** is the owner of the copyrights in various copyright works, including but not limited to advertisement materials, uniforms of staff, logos, business forms, CONTRACTs, brochures, operational manuals, all of which were developed by the **FRANCHISOR**.

IV. USE OF NAME AND SYSTEM

The **FRANCHISEE** agrees that during the term of this CONTRACT, he/she will operate, advertise and promote “_____” under the **FRANCHISOR's** marks without prefix and suffix. It will adopt and use the marks and system licensed hereunder solely in the manner prescribed by the terms of this CONTRACT.

V. COMPLIANCE WITH LAW

FRANCHISEE agrees to operate the said business in compliance with applicable laws and government regulations and in accordance with the standards established by the **FRANCHISOR**.

FRANCHISEE shall obtain at his own expense and keep in force, any permits, license, or other concerns required for leasing, construction operation, including, without limitations, sales and income tax, health and sanitary permits, business permits, Department of Trade and Industry, Business Name Registration and others.

VI. OPERATIONS STANDARD

In order to promote the value and goodwill of the **FRANCHISOR's** Trade Name and to protect the other franchisees, **FRANCHISEE** agrees to conduct its business in accordance with the standards required by law and in accordance to the operational standards of the **FRANCHISOR** at all times.

VII. PERSONNEL AND TRAINING REQUIREMENTS

As part of the **FRANCHISOR's** support system extended to the **FRANCHISEE** during the term of this CONTRACT, the following provisions and conditions shall prevail with respect to personnel hiring, training and orientation procedures:

- a. **FRANCHISEE** shall be required to hire qualified and competent personnel to conduct the day to day affairs of the business; however, the **FRANCHISEE** must thoroughly familiarize himself with the standards and methods of operating the business.
- b. **FRANCHISEE** understands that the CONTRACT granted is not a passive investment but rather a business judgment and marketing conditions. **FRANCHISEE** acknowledges that it has the ultimate responsibility for the successful operation of the business and is not dependent upon the effort of others in order to derive profits from the business.

c. The **FRANCHISEE** agrees to engage sufficient personnel to meet the anticipated and volume to the operations of the business and each employee to be trained in accordance with the operation standard.

d. The **FRANCHISEE** and/or its authorized representative should undergo formal training at the **FRANCHISOR's** headquarters and hands on training at one of the corporate outlets under direct supervision of the **FRANCHISOR's** representative.

VIII. PRODUCTS OFFERED

FRANCHISEE agrees to offer all types of products as required by the **FRANCHISOR**. Any new product developed by the **FRANCHISOR** has to be included in the product line of the **FRANCHISEE**.

The **FRANCHISOR** will deliver the products at specified site or immediate distribution center or pick up point or through a delivery system, best fitted to a specific franchisee site, as the case may be. Location of the franchise outlet as agreed upon, lead time 4 to 7 days for delivery upon order, depending on franchise location and installed delivery system. Only products from the **FRANCHISOR** are allowed to be displayed and sold at the chosen cart.

IX. OPERATIONAL ADVISORY ASSISTANCE

The **FRANCHISOR** shall be available upon the request of the **FRANCHISEE** to provide advice and counseling to the **FRANCHISEE** with respect to its operation of the business through any means of communication, either by telephone, e-mail or fax during business hours.

X. TRANSFER IN DEATH OR PERMANENT INCAPACITY

Upon the death or permanent incapacity of the **FRANCHISEE**, the executor, administrator or personal representative of the deceased or incapacitated person may assume the operation of this **FRANCHISE** subject to terms and conditions in this **CONTRACT**.

XI. RELATIONSHIP OF PARTIES

This **CONTRACT** does not create any fiduciary relationship between the **FRANCHISOR** and the **FRANCHISEE**.

a. Nothing in this **CONTRACT** is intended to constitute the **FRANCHISEE** as an agent, legal representative, subsidiary, joint venture, partner or employee of the **FRANCHISOR**.

b. **FRANCHISEE** agrees to indemnify and hold the **FRANCHISOR** free and harmless from any claims, demands or liabilities by third parties arising out of the operation of the business.

c. **FRANCHISEE** is not authorized to make any **CONTRACT**, agreement, warranty, or representation or to create obligation, expressed or implied, on behalf of the **FRANCHISOR**.

d. **FRANCHISEE** shall not hold itself out to the public as an independent **CONTRACT** or operating the business pursuant to a **CONTRACT** granted by the **FRANCHISOR**. **FRANCHISEE** agrees to take such actions that shall be necessary to accomplish this obligation.

XII. DEFAULT AND TERMINATION

FRANCHISOR may terminate this **CONTRACT** immediately as a result of any of the following events:

a. **Franchisee's** misuse or unauthorized use of **FRANCHISOR's** mark or other material impairment of the goodwill associates therewith of **FRANCHISOR's** rights therein.

b. **Franchisee's** failure to maintain the standards specified by the **FRANCHISOR** in this **CONTRACT**.

c. **FRANCHISEE** ceases to operate the business or abandons the locations or forfeits the right to possess the business.

d. **Franchisee's** disclosure or use of the contents of the manual trade secrets or confidential or proprietary information provided to by **FRANCHISOR** covered in this **CONTRACT**.

e. The conviction of felony or crime involving moral violations or any other crime or offense that is reasonably, in the opinion of the **FRANCHISOR**, will adversely affect the **FRANCHISOR's** business operations and goodwill associated with the business.

XIII. EFFECT OF TERMINATION

Upon termination of franchisee's rights granted under this **CONTRACT**, the following shall apply:

a. Upon termination of this CONTRACT by lapse of time or by default, **FRANCHISEE's** right to use the **FRANCHISOR's** trademark or any other marks or designs shall likewise cease. The **FRANCHISEE** shall immediately discontinue the use of the **FRANCHISOR's** trade name and any other design related therein.

b. **FRANCHISEE** shall immediately and permanently cease to use the proprietary marks and any equipment, methods, procedures, and techniques associated with the “(**FRANCHISOR's** trade name)”systems and mark.

c. **FRANCHISEE** shall cease to use all signs, furniture fixtures, equipment, advertisement, materials, stationery, forms and any other articles that display form of **FRANCHISOR's** marks.

d. **FRANCHISEE** shall pay to **FRANCHISOR** all sums due to it. If the termination of this CONTRACT is due to the default by the **FRANCHISEE**, it shall also pay to **FRANCHISOR** all

Damages, cost, and expenses, including attorney's fees, damages and other expenses incurred by seller.

e. Any obligations of **FRANCHISOR** to **FRANCHISEE** under this CONTRACT shall immediately cease and terminate.

XIV.NOTICE

Any and all notices required or permitted under this CONTRACT shall be written in English and shall be delivered personally or through registered mail to the addresses of the parties indicated in this CONTRACT. All legal disputes arising from this agreement shall only be filed in the Regional Trial Courts of Valenzuela City.

XV.WAIVER

This CONTRACT takes effect upon the execution of this CONTRACT. The terms and conditions set forth in this CONTRACT shall be governed by and construed in accordance with the laws of the Philippines. Failure or delay by the **FRANCHISOR** in enforcing any of the provisions in this CONTRACT shall not constitute a waiver of its rights under this CONTRACT.

XVI.ACKNOWLEDGMENT

This CONTRACT constitutes the entire, full and complete CONTRACT between **FRANCHISOR** and **FRANCHISEE** concerning the subject matters hereof, and supersedes all prior and contemporaneous oral and written agreements and understanding between the parties. **FRANCHISEE** understands and accepts the terms and conditions contained therein as being reasonably necessary to maintain **FRANCHISOR's** standards to protect and preserve the goodwill of the **FRANCHISOR's** marks. Both parties acknowledge that this CONTRACT cancels and supersedes all prior CONTRACT between the parties thereto. No amendments change, or variance from this CONTRACT shall be binding on either party unless through mutual agreement by the parties and executed in writing.

IN WITNESS WHEREOF, the parties hereunto affixed their signatures on the date and place above written.

LOU D. GALLENERO

RAW URBAN FRANCHISING INC.

FRANCHISOR

THE FRANCHISEE

Signed in the presence of:

WILLIAM M. AY-AY, CPA

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES

BEFORE ME, a Notary Public in and for _____ On this day of _____, personally appeared _____ AND _____, known to me to be the same persons who executed the following instrument and acknowledged to me that the same is their own free and voluntary act and deed.

NOTARY PUBLIC