



SA GOLDEN HOMES PROPERTY GROUP

15 Wattle Street, Primrose, Germiston, 1401

yvonne@goldenhomes.co.za

www.goldenhomes.co.za

Tel: 011 828 4976

Cell: 082 780 8071

Fax: 086 668 0060

AGREEMENT OF FRANCHISE (Residential)					
entered into by and between:					
Legal Name:		SA Golden Homes Property Group (Pty) Ltd - 2006/025547/07			
Trading Names:		Golden Homes and/or SA Golden Homes Property Group			
Registered Office Address:		15 Wattle Street, Primrose, Germiston, 1401			
Franchise Business Offices:		Gauteng	15 Wattle Street, Primrose, Germiston, 1401		
Website:		www.goldenhomes.co.za		Email:	info@goldenhomes.co.za
Tel:	011 828 4976	Fax:	086 668 0060	Cell:	082 780 8071
Directors:		David C van Wyk	Identity No.:		5912125085085
		Yvonne van Wyk			6402110038082
Town of Residence:		Wilderness	Qualifications:		NQF5
(hereinafter referred to as “the Franchisor”) and					
Legal Name:					
Trading Names:					
Registered Office Address:					
Franchise Business Offices:					
Website:		www.goldenhomes.co.za		Email:	
Tel:		Fax:		Cell:	
Director/Member:				Identity No.:	
Town of Residence:				Qualifications:	
(hereinafter referred to as “the Franchisee”)					

RECITALS	
WHEREAS:-	
1.	In terms of Section 7(2) of the Consumer Protection Act, a franchisee may cancel a franchise agreement without cost or penalty within 10 business days after signing such agreement, by giving written notice to the franchisor;
2.	The Franchisor has originated a Business System for the purpose of establishing and operating a real estate business and is the owner of certain intellectual property rights used in conjunction with the Business System;
3.	The Franchisee desires to establish and operate the business of a real estate business and for this purpose to use the Franchisor's Business System and intellectual property rights;
4.	The Franchisor hereby licenses such use subject to the terms and conditions of this Agreement; and
5.	The Franchisee duly received a disclosure document with an accountant/auditor's certificate at least 14 days before concluding this franchise agreement and such disclosure agreement and accountant certificate is annexed hereto. (Applicable to new franchisees only.)
NOW THEREFORE IT IS AGREED AS FOLLOWS:	
1. DEFINITIONS:	
Unless otherwise determined by the context, the following words will bear the following meanings:	
1.1	the "Business System" means the system of operating a real estate agency devised and originated by the Franchisor and recorded in the Administration and compliance manual, and includes any improvements or variations made to the Business System;
1.2	the "Commencement Date" means the _____
1.3	the "Franchised Business" means the business of a real estate agency conducted in accordance with the Business System using the intellectual property and trading under the name Golden Homes;
1.4	the "Copyright" means all rights of Copyright whether existing now or in the future in and to:
1.4.1	the Administration and Compliance Manual
1.4.2	the fixation of the Know-how, whether incorporated in the Administration and compliance manual or in any other documentation related to the Franchisor's system;
1.4.3	any other documentation generated by the Franchisor and appertaining to the business which is not included in the Administration and compliance manual;
1.5	the "Goodwill" means the Goodwill arising out of the use of the Franchisor's Business System and the intellectual property by the Franchisor;
1.6	the "Intellectual Property" includes, but is not limited to:
1.6.1	the Know-how;
1.6.2	the Copyright;
1.6.3	the Goodwill;
1.6.4	the Trade Dress
1.6.5	the Trademarks; which includes all Intellectual Property and Licenses
1.6.6	the Trade Secrets;
1.7	the "Know-how" includes all confidential and commercial information relating to the operation of the Business System existing from time to time, including, without limitation, information contained in the Administration and Compliance Manual or other documents, together with unrecorded information known to individuals who are office bearers or employees of the Franchisor;

1.8	the “Administration and Compliance manual” means the Franchisor’s ordinary Administration and compliance manual, as amended from time to time and supplemented by further written directions and regulations, giving details of the Business System and intellectual property and imparting the Know-how;
1.9	the “Premises” means the office situated at 15 Wattle Street, Primrose, Germiston i.r.o. the Franchisor and _____ at present i.r.o. the Franchisee (the premises of the Franchisee can change from time to time)
1.10	the “Termination Date” means the date of termination of this Agreement in terms of clause 2, 13 or 20 hereof;
1.11	the “Territory” means the exclusive right to operate the Franchise Business in the areas and/or suburbs stated in clause 4 of this Agreement;
1.12	the “Trade Dress” includes the get-up for any documentation and includes pointer boards, banners, for sale and sold boards, letterheads, business cards, contracts, sole mandate forms, all other legal documentation and show day brochures as well as the particular form of design and decor of Premises from which the Franchised Business is conducted;
1.13	the “Trademarks” means the registered and unregistered Trademarks currently in existence being the Golden Homes Logo, If it’s GOLD it’s SOLD and any other registered and pending trademark which the Franchisor may adopt and designate for use in connection with the Franchised Business from time to time;
1.14	the “Trade Secrets” include all confidential information of whatsoever nature relating to the business of the Franchisor and its other Franchisees, the Business System and the intellectual property.
1.15	the “Franchisor” means SA Golden Homes Property Group (Pty) Ltd - 2006/025547/07 t/a Golden Homes and/or SA Golden Homes Property Group duly registered and incorporated in accordance with the Company laws of the Republic of South Africa.
1.16	the “Franchisee” means _____ t/a Golden Homes _____ (RESIDENTIAL PROPERTY SALES AND LETTING)

2. FRANCHISE

The Franchisor hereby grants to the Franchisee a license for the duration of this Agreement to operate the Franchised Business under the name and style of _____

_____ from the premises strictly in accordance with the Administration and Compliance Manual and subject to the terms and conditions of this Agreement. The license will commence with effect from the Commencement Date and terminate on the Termination Date unless otherwise terminated in accordance with the provisions of this Agreement.

The Franchisee has permission to sell the occasional commercial and industrial property within their franchise zone, provided that it adheres to the terms and conditions as per the Golden Homes Commercial and Industrial Division. Should the Franchisee desire to develop a commercial and industrial team a separate franchise agreement needs be entered into with the Franchisor as per the specific terms and conditions applicable to the commercial and industrial division. These terms and conditions are available on request from the Franchisor.

BUSINESS SYSTEM

- Every franchisee is to consult the Administration and Compliance Manual which clearly defines the business system.

➤ Every franchisee is to utilise the Administration Hub (CRM) in the daily management of their franchise.	
3. <u>DURATION</u> This contract will endure indefinitely, and the Franchisor shall not be entitled to cancel the agreement unless there is a default by the Franchisee, as set out in the default provisions of the contract hereinafter.	
4. <u>AREAS OF FRANCHISE</u> The Franchisee has the exclusive rights for the selling and letting of residential property for Golden Homes in the Franchise Territory comprising the areas and/or suburbs listed below and/or a map incorporated as annexure "A"	
All areas within the _____ <p style="text-align: center;">Grey Areas (border cross over zones)</p> _____ _____ _____	
<p>The Competition Commission in terms of the Commission Act 89 of 1998 recognizes the contribution of franchising to job creation and the fact that it is one of the best vehicles and an effective way to opening up markets for small and medium-sized enterprises (SMEs). Franchise agreements usually contain clauses relating to arrangements for exclusive territories which impose limitations on franchisees by specifying an area where the franchisee may operate.</p> <p>By specifying areas, the Franchisor herein does not violate section 5(1) of the Act as such arrangement does not substantially prevent or lessen competition in that market. If the aim of specifying territories is to achieve efficiencies, this is not in violation of the Act as it allows better flow of information which benefits the consumers and allows the Franchisor to become competitive. The territory specified herein is not a case of a dominant franchisor imposing exclusive territorial restrictions which may violate sections 8(c) and 8(d) of the Act. In this franchise, the allocation of territories may have positive spin offs for competition. It may lead to pro-competitive benefits, as it tends to invite or encourage inter-brand competition to also venture into the area concerned.</p>	
5. <u>ROYALTY FEE</u>	
5	The Franchisee will be obliged to pay the Franchisor a start-up fee amounting to R20000 (Twenty thousand rand) plus VAT once-off within 7 days of signature for the rights granted in terms of this Agreement. The Franchisee will compensate the Franchisor as follows for the rights granted in terms of this Agreement.
5.1	<p>The franchisee will be obliged to pay to the Franchisor a royalty fee on all registered sales, excluding letting and building management, a fee calculated at .22% excluding Vat of the Purchase Price as stipulated in the offer to purchase. <u>Such amount shall be paid by the Conveyancer to the Franchisor against registration of transfer, and the Franchisee will instruct the Transferring Attorney accordingly.</u></p> <p>Should there be shared commission, whether it be a referral, sales or listing commission with another registered estate agency or someone contracted to the services of the Franchisee, then the</p>

	<p>fee will be adjusted accordingly, pro rata to the percentage amount actually received in respect of the purchase price. Should this split be less than 50% of the Purchase Price, the fee payable to the Franchisor shall be calculated at 50% of the Purchase Price unless otherwise agreed to, in writing, by the Franchisor.</p> <p>Any consideration amounting to less than 50% of the purchase price will be determined at the sole discretion of the franchisor and each case shall be determined individually.</p>
5.2	All payments which are required to be made by the Franchisee in terms of this Agreement will be made without deduction or demand and free of bank charges to such address within the Republic of South Africa as may be stipulated by the Franchisor from time to time.
<p>6. <u>OTHER FEES</u></p> <p>The Franchisee shall pay to the Franchisor an Administration Fee as set out in the disclosure document. These fees may be increased annually in accordance with inflation or increases in other services rendered to the Franchisor in the operation of its business.</p>	
<p>7. <u>DUTIES OF THE FRANCHISOR</u></p>	
7	The Franchisor shall, on signature of this Agreement
7.1	Disclose the Business System to the Franchisee and make available the intellectual property in terms of this Agreement;
7.2	The Franchisor will advise the Franchisee of the following matters relating to the establishment of the Franchised Business on the Premises once the Franchisee has rented premises for the Franchise -
7.2.1	The design and decor of the Premises; (this design may be according to the individual Franchisee's design choice, provided that it does not violate the Franchise Brand and standards)
7.2.2	Advise on suitable building, shop fitting, electrical, sign writing and other such contractors;
7.3	The Franchisor, in consultation with the Franchisee, will determine which of the Franchisee's employees (including the Franchisee personally if a natural person) will undergo training in the Business System.
7.3.1	This training will take place at the commencement of this Agreement at a place chosen by the Franchisor and the extent and duration of any training will be determined by the Franchisor.
7.4	The Franchisor will disclose improvements and developments in the Business System to the Franchisee and will provide free of charge such further training to the Franchisee and other persons engaged in the conduct of the Franchised Business as the Franchisor considers necessary.
7.5	The Franchisor will assist the Franchisee in procuring supplies, services and equipment necessary for the operation of the Franchised Business. For example: -
7.5.1	advertising (media, e-mail et cetera);
7.5.2	boards, pointers, banners, stationery, business cards, et cetera;
7.6	The Franchisor will not operate or license another Franchisee to operate the Franchised Business within the Territory and it is recorded that the Franchisee has the sole and exclusive right to operate the franchise in the Territory.
7.7	The Franchisee will arrange for the placing of all advertisements in the media and payment thereof will be for the Franchisee's account.
7.8	The Franchisor undertakes to make available to the Franchisee an Administration and Compliance Manual on electronic media, which will be updated from time to time.
7.9	<p>It is specifically recorded that the franchisor is not entitled to any undisclosed direct or indirect benefit or compensation from suppliers to its franchises or the franchise system unless the fact is disclosed in writing with an explanation of how it will be applied.</p> <p>The general principles of honesty, fairness, reasonableness and equity must guide the interpretation of the franchise agreement and relationship between the parties.</p>

7.10	The Franchisor hereby informs the Franchisee of their right to lodge a complaint at the Ombud of the National Consumer Commission in future, once the Commission is in existence. The Franchisor will also need to provide every Franchisee with a copy of the Code of Conduct of the Franchise Industry upon request in future, once the Code of Conduct comes into existence.
7.11	A franchisee and its employees would not be regarded as employees of the franchisor. The franchisee has not been appointed as the Franchisor's agent.
8. <u>DUTIES OF THE FRANCHISEE</u>	
8.1	The Franchisee will operate the Franchised Business strictly in accordance with the Business System and will adhere strictly to the Administration and Compliance Manual, supplemented by any written specifications and directions as may be laid down or given by the Franchisor from time to time. The Franchisee will have the right to use, and undertakes to use, the Trademarks in relation to the Franchised Business provided the Franchisee conducts the Franchised Business strictly in accordance with the terms of this Agreement and the Business System.
8.2	The Franchisee will ensure that the Franchised Business conforms with other Franchised Businesses operated in accordance with the Business System. The Franchisee acknowledges that such conformity is essential to the successful operation of the Franchised Business and other businesses operated in accordance with the Business System, as well as for the proper protection of the intellectual property, in particular the Trademarks and the Goodwill. The Franchisee will protect and promote the Goodwill associated with the Trademark.
8.3	The Franchisee will upon the commencement of the Franchised Business and from time to time thereafter train all staff and other persons required for the operation of the Franchised Business. The Franchisee will ensure that all staff who are not required to be trained by the Franchisor in terms of this Agreement are nevertheless adequately trained in the Business System to the satisfaction of the Franchisor where this is necessary for the performance of their duties.
8.4	The Franchisee acknowledges that neither they nor their employees have any prior knowledge of the Business System or any aspect of the Know-how or the Trade Secrets specifically applicable to the Franchise Business conducted under the name and style of Golden Homes. The Franchisee will not divulge or permit to be divulged to any person any aspect of the Business System, the Know-how or the Trade Secrets otherwise than for the purposes of this Agreement. The Franchisor may by written notice to the Franchisee specify which of the Franchisee's employees are required to sign a secrecy undertaking and no such person will be employed in the conduct of the Franchised Business until he or she has signed such a secrecy undertaking which will be in a form stipulated by the Franchisor from time to time.
8.5	The Franchisee will not do anything, or cause or permit anything to be done which may adversely affect the intellectual property or the Franchisor's rights in the intellectual property. The Franchisee will bring to the attention of the Franchisor any infringement or threatened infringement of the intellectual property, which may come to their attention. The Franchisee will give all reasonable assistance to the Franchisor to enable the latter to further or defend their rights in the intellectual property.
8.6	The Franchisee acknowledges that the Franchisor is the owner of all rights of whatsoever nature in the intellectual property and that the Franchisee has no claims of any nature to either the Business System or to any element of the intellectual property. The Franchisee shall not at any time attack or challenge the rights of the Franchisor to the intellectual property or induce or procure any other person to attack or challenge such rights.
8.7	The Franchisee will not advertise or conduct promotional or marketing activities without the prior written approval of the Franchisor, which will not be unreasonably withheld and will be in accordance with the Franchisor's format as set out from time to time. The Franchisee will use and display such point of sale or advertising or promotional matter as the Franchisor may stipulate from time to time. The approval will be once off, and it is specifically to ensure compliance with the Franchisor's branding.

8.8	The Franchised Business will only be carried on from the Premises unless the Franchisor gives prior written consent to the conduct of the Franchised Business from any other Premises. The Franchisor agrees to the Franchisee commencing the business from their home until they is ready to rent premises for the business.
8.9	While this Agreement remains in force, the Franchisee will not engage directly or indirectly in any capacity in any other business venture which conflicts with the nature of this Franchise Agreement, other than commercial and industrial sales and letting and/or personal real estate transactions, which is in the nature of the Franchised Business, without the prior written consent of the Franchisor.
8.10	The Franchisee will obtain any and all statutory licenses required to conduct the Franchised Business. The Franchisee will comply in the conduct of the Franchised Business with all applicable laws, by-laws and regulations of any competent authority.
8.11	The Franchisee will maintain the Premises in a good, clean and sanitary condition. The Franchisee will also at their own cost redecorate or refurbish the Premises when reasonably required to do so by the Franchisor in order to ensure that the Premises are in the same condition as those standards set by the Franchisor from time to time.
8.12	The Franchisee will pay their suppliers promptly in accordance with their usual terms and conditions of supply.
8.13	The Franchisee will not induce employees of other of the Franchisor's Franchisees to leave their employment and take up employment with the Franchisee.
8.14	The Franchisee will keep and maintain at the Premises, in a form approved by the Franchisor, full and accurate books of account and all underlying or supporting records and vouchers relating to the Franchised Business and will permit the Franchisor or their duly authorised representative, at all reasonable times, to carry out such inspections or investigations which the Franchisor may consider necessary for the purposes of ascertaining whether the provisions of this Agreement are being complied with. The Franchisee will ensure that they and their employees co-operate fully in such inspections or investigations.
8.15	The Franchisee will indemnify the Franchisor and keep it indemnified against all claims of whatsoever nature, whether real or imagined, criminal or civil, together with any legal fees and costs incurred by the Franchisor, arising out of the establishment and operation of the Franchised Business by the Franchisee.
8.16	The Franchisee must ensure that all agents appointed by them have valid Fidelity Fund Certificates on commencement of employment.
8.17	The Franchisee undertakes to ensure that all staff attend the yearly functions and training sessions which are compulsory.
8.18	The Franchisee is obliged to obtain a 3% (three percent) market share of the residential market in the territory. The Franchisee is obliged to build the market share to this level within the first 36 (thirty-six) months of trading and from the fourth year of business is obliged to perform consistently at this level over a 12 (twelve) month period. In the event of the Franchisee failing to acquire the 3% (three percent) market share the Franchisor reserves the right to intervene with a help strategy to increase the performance of the Franchise and if the Franchisee is still unable to attain the required market share then the Franchisor may elect to cancel the Agreement in terms of clause 11 hereof.
<u>9. TRADEMARKS - INCLUDING INTELLECTUAL PROPERTY AND LICENSES</u>	
9.1	The Franchisee will not in any way represent that they have any rights of any nature in the Trademarks, including Intellectual Property and Licenses, or in any registrations thereof and all use of the Trademarks will inure to the benefit of the Franchisor.
9.2	The Franchisee will not register any of the Trademarks, or any part of them, or any trade mark which is deceptively or confusingly similar to the Trademarks, as part of their company or close corporation name or the name of any subsidiary company or company

	with which they are associated either directly or indirectly and if they do so, they will procure that such company or close corporation name is changed upon demand by the Franchisor.
9.3	When using the trademarks, the Franchisee will cause them to be reproduced exactly and accurately and in accordance with specifications and directions laid down by the Franchisor from time to time.
9.4	Upon termination of this Agreement for whatsoever reason –
9.4.1	the Franchisee will immediately cease any further use of the Trademarks;
9.4.2	the Franchisee will hand over to the Franchisor all dies/inks, blocks, labels, advertising matter, printed matter or the like featuring the Trademarks which were obtained from or which he was authorised to use by the Franchisor;
9.4.3	the Franchisee will do such acts as may be necessary to procure the cancellation of themselves as a registered user of the Trademarks. For this purpose, the Franchisee hereby appoints the Franchisor as its agent <i>in rem suam</i> to do all such acts and to sign all such documents as may be reasonably necessary to procure such cancellation.
<u>10. ADMINISTRATION AND COMPLIANCE MANUAL</u>	
<p>All of the provisions of the Administration and Compliance Manual (Operations Manual), any new edition of the Administration and Compliance Manual, and any amendments to or revisions of the Administration and Compliance Manual form part of this Agreement, save that in the event of any conflict between the terms of this Agreement and a provision in the Administration and Compliance Manual, the provisions of this Agreement will prevail. The Franchisee will not make any copies of the Administration and Compliance Manual without the Franchisor's prior written consent and upon termination of this Agreement will return all copies of the Administration and Compliance Manual to the Franchisor.</p> <p>The Administration and Compliance Manual also contains a code of conduct which the Franchisee and their employees agree to uphold. Such code of conduct incorporates the codes of conduct of FASA and the IEASA and the EAAB.</p>	
<u>11. NO CESSION, ASSIGNMENT OR LEASE</u>	
11.1	The rights and obligations of the Franchisee are personal and may not be ceded, assigned, let or otherwise disposed of in any manner whatsoever without the prior written consent of the Franchisor.
11.2	The Franchisee may not sell the Franchised Business without the prior written consent of the Franchisor which consent may not be unreasonably withheld.
11.3	The Franchisor will be obliged to accept the sale of the franchise if the proposed new Franchisee is –
11.3.1	an acceptable person and capable of running the Franchised Business;
11.3.2	not a competitor of the Franchisor;
11.3.3	financially sound.
<u>12. DEATH OR INCAPACITY OF THE FRANCHISEE</u>	
12.1	If the Franchisee is a natural person, on the death of the Franchisee the Franchisor may approve the transfer of the Franchised Business to any of the beneficiaries of the deceased Franchisee which approval shall not be unreasonably withheld. Such person(s) will be required to assume the management of the Franchised Business as soon as is practicable once they have bound themselves to observe the terms and conditions of this Agreement.
12.1.1	The Franchisor will be entitled to charge its usual fee for the conduct and management of the Franchised Business, and the Franchisor is hereby authorised to do all things and to sign all

	documents reasonably necessary for the purposes of conducting and managing the Franchised Business;
12.1.2	If the Franchisor does not approve the transfer of the Franchised Business to a beneficiary in terms of clause 12.1, the representative of the deceased estate of the Franchisee may dispose of the Franchised Business to such person as may be approved of by the Franchisor, for such sale price and upon such terms and conditions as may be agreed upon between the person concerned and the representative of the deceased estate of the Franchisee;
12.1.3	The purchaser of the Franchised Business may not take transfer thereof until they have bound themselves to the terms and conditions of this Agreement, and pending such sale and transfer, the Franchisor will be entitled to operate and manage the Franchised Business on behalf of and for the account of the estate of the deceased Franchisee.
12.1.4	Pending such transfer, the Franchisor will be entitled to assume the control and management of the Franchised Business and to operate it on behalf of the representative of the deceased estate of the Franchisee, and for the benefit and account of the deceased estate of the Franchisee.
12.2	If the Franchisee consists of a partnership, then, subject to the approval of the Franchisor upon such terms and conditions for such approval as it may determine, the interest of a deceased partner in the partnership may be transferred to any of the remaining partners or to a beneficiary of the deceased partner. Failing such transfer, the interest of the deceased partner in the partnership may be sold and transferred to such person or persons as may be approved of by the Franchisor, upon such terms and conditions as may be agreed upon between the transferee and the representative of the estate of the deceased partner. Such transfer of the deceased interest may take place only once the beneficiary or transferee concerned has bound himself to the terms and conditions of this Agreement. The Franchisor, if they deem it expedient, may, pending any transfer of the interest of a deceased partner, participate in the control and management of the Franchised Business and will be entitled to charge its usual fee for such participation, payable by the Franchisee. The Franchisor will be authorised to do all things and to sign all documents reasonably necessary to enable them to participate in such management and control of the Franchised Business.
12.3	If the Franchisee is a close corporation or a limited liability company, then, upon the death of a member or shareholder, the deceased member's interest or share may, subject to the approval of the Franchisor upon such terms and conditions for approval as the Franchisor may determine, be transferred to the remaining members or shareholders of the close corporation or limited liability company or the beneficiaries of the deceased member or shareholder. Failing such transfer, the interest or shares of the deceased member or shareholder may be sold and transferred to such person or persons as may be approved of by the Franchisor upon such terms and conditions as may be agreed upon between the transferee and the representative of the estate of the deceased member or shareholder. The Franchisor may, if they deem it expedient, and pending the transfer of the interest or share of the deceased member or shareholder, participate in the control and management of the Franchised Business and will be entitled to charge their usual fee, currently 10% (ten percent) on any commissions earned, for such participation, payable by the Franchisee. The Franchisor will be authorised to do all things and to sign all documents reasonably necessary for the purposes of participating in such control and management of the Franchised Business.
12.4	At the commencement of the franchise and thereafter from time to time, the parties will determine who are key staff members (including the Franchisee if he is a natural person, and partners, members and directors of the Franchisee as the case may be). In the event of the death, incapacity, failure to act, resignation or dismissal of a key staff member, the Franchisor may themselves provide a person, which in their discretion they consider suitable, to fulfil the key position until the Franchisee is able to fill the key position to the satisfaction of the Franchisor. The person provided by the Franchisor will be deemed to be an employee of the Franchisee, who will be responsible for the payment of the reasonable remuneration of the person concerned as determined by the Franchisor in consultation with the Franchisee.

12.5	The Franchisee indemnifies and holds the Franchisor harmless against all losses or expenses incurred or claims made of whatsoever nature, arising out of the conduct of the Franchised Business by the Franchisee.
<u>13. DEFAULT AND TERMINATION OF THIS AGREEMENT UPON BREACH BY FRANCHISEE</u>	
13	The Franchisor will be entitled to terminate this Agreement on written notice to the Franchisee in the following situations –
13.1	In the event the Franchisee fails to pay to the Franchisor, by the due date, any sum due and owing to the Franchisor hereunder or in any other way breaching the terms and conditions of this Agreement, all of which are declared to be material, and fails to pay or to remedy the breach within 14 (fourteen) days of written notice, by or on behalf of the Franchisor calling upon the Franchisee to make payment or remedy the breach complained of;
13.2	In the event of the Franchisee commits an act of insolvency or is sequestrated or is placed under a provisional or final winding-up or judicial management order or if the Franchisee makes an assignment for the benefit of his creditors, or fails to satisfy or take steps to have set aside any judgment taken against the Franchisee within 7 (seven) days after such judgment has come to the notice of the Franchisee;
13.3	if any material change occurs in the management, ownership or control of the Franchised Business or of the Franchisee otherwise than in accordance with the provisions of this Agreement; notwithstanding the franchisee may dispose of a portion of his shares with the prior written consent of the franchisor which consent may not be unreasonably withheld.
13.4	The termination of this Agreement, for whatsoever reason, will not affect the rights of a party which may have accrued as at the date of termination and will further not affect any rights and obligations which specifically or by their nature survive the termination of this Agreement.
13.5	Upon the termination of this Agreement the Franchisee will not –
13.5.1	divulge to any person any information relating to the Franchisor's Business System;
13.5.2	In the event of the termination of this Agreement for whatsoever reason, the Franchisee will not dispose of any item bearing the Franchisor's Trademarks without prior written consent from the Franchisor and such consent may be given on such conditions as the Franchisor may deem fit including the condition that the Trademarks be removed or obliterated from the item concerned.
13.6	If a Franchisee is in breach of the Franchise Agreement and the Franchisee Agreement is terminated, the Franchisor may have a "step-in" right if the Franchise agreement sets out such a right.
13.7	A dispute between Franchisor and Franchisee will be referred to FASA for adjudication and resolution of such dispute is final.
<u>14. DEFAULT AND TERMINATION OF AGREEMENT UPON DEFAULT OF FRANCHISOR</u>	
Should the franchisor breach this agreement in any manner whatsoever and persist with such breach notwithstanding written notice to remedy such breach within a period of 7 (seven) days of such notice a dispute between Franchisor and Franchisee will be referred to FASA for adjudication and resolution of such dispute.	
<u>15. ACKNOWLEDGEMENT BY THE FRANCHISEE</u>	
The Franchisee acknowledges that the success of the business venture undertaken by them in terms of this Agreement depends to a large extent upon his own business ability. The Franchisee acknowledges	

that the Franchisor has made no warranty, express or implied, as to the potential success of the Franchised Business.

16. DOMICILIUM CITANDI ET EXECUTANDI

16	The parties choose as their <i>domicilium</i> address for all purposes including the service of court process the following –
16.1.1	Franchisor at 15 Wattle Street, Primrose, Germiston, 1401.
16.1.2	Franchisee at _____
16.2	A party may change its <i>domicilium</i> address by 30 (thirty) days' written notice to the other party.

17. NOTICES

17	Every notice, consent or other communication required or permitted hereunder from either party shall be in writing. It shall be sufficiently given or transmitted if and when
17.1	hand-delivered to the other party at its <i>domicilium</i> address, or at such other address as the party may have designated in writing;
17.2	transmitted by means of a telefax to the addressee's telefax number and in respect of which telefax an acknowledgement has been received; or
17.3	transmitted by means of an email to the addressee's email address and in respect of which email an acknowledgement has been received; or
17.4	deposited in the mail, duly registered with postage prepaid for prompt delivery and addressed to the other party at its <i>domicilium</i> address, or at such other address as the addressee may have designated in writing. A notice deposited in the mail in terms of this sub-clause shall be deemed to have been delivered on the fourth business day after the date of posting.

18. GENERAL

18.1	No waiver by a party of any breach, failure or default in performance by the other party, and no failure, refusal or neglect by a party to exercise any right hereunder, or to insist upon strict compliance with or performance of the other party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement and a party may at any time require strict compliance with the provisions of this Agreement.
18.2	This Agreement constitutes the entire agreement between the parties who acknowledge that there are no other oral or written understandings or agreements between them relating to the subject matter of this Agreement. No amendment or other modification of this Agreement shall be valid or binding on a party hereto unless reduced to writing and executed by both parties hereto.
18.3	This Agreement shall be governed in accordance with the laws of South Africa.
18.4	All the provisions of this Agreement shall be severable, and no provision shall be affected by the invalidity of any other provision of this Agreement.
18.5	Whenever a personal pronoun is used herein, it is understood that such usage shall include singular and plural, masculine and feminine and refer in appropriate cases to juristic persons as well as natural persons.
18.6	The Franchisee acknowledges that he has entered into this Agreement after making an independent investigation and that the Franchisor has not made any representations or warranties other than as may be set out in this Agreement. The Franchisee has relied solely upon his independent investigations in entering into this Agreement.
18.7	Every franchisee will comply fully with the SAGH Code of Ethics and Business Practice as attached hereto.

<u>19. SHOULD THE FRANCHISEE</u>	
19.1	Omit to declare any transactions within the ambit of this agreement to the Franchisor;
19.2	Receive any commissions from third parties without declaring same to the Franchisor;
19.3	Channel any transactions, offer/s to purchase to any third party;
19.4	Commit a fraud for the purpose of circumventing the terms of this agreement,
	THEN the franchisee shall pay whatever amounts were to be paid to the Franchisor had the Franchisee not perpetrated the aforesaid.
<u>20. TERMINATION BY FRANCHISEE</u>	
After a period of 24 (twenty-four) months from the commencement date, should the Franchisee want to terminate this agreement then the Franchisee will be free to do so provided he gives the Franchisor 1 (one) month's written notice.	
<u>21. CONSUMER PROTECTION ACT</u>	
In terms of the new Consumer Protection Act (CPA), franchisees have been included in the definition of "consumers" and the fundamental rights afforded to consumers (subject to certain exclusions) will be afforded to franchisees. This section was available to the franchisee as a disclosure document at least 14 (fourteen) days prior to the signing of this franchise agreement, thereby complying with the CPA.	
This document serves as the disclosure document. The prospective franchisee is to note the following, which are hereby disclosed by the Franchisor:	
21.1	The number of individual outlets franchised by the Franchisor.
21.2	The growth of the Franchisor's turnover, net profit and the number of individual outlets, if any, franchised by the Franchisor for the financial year prior to the date on which the prospective Franchisee received a copy of the disclosure document;
21.3	A statement confirming that there have been no significant or material changes in the Company's or Franchisor's financial position since the date of the last accounting officer's, or auditor's certificate that the Company has reasonable grounds to believe that it will be able to pay its debts as and when they fall due;
21.4	Written projections in respect of levels of potential sales, income, gross and net profits or other financial projections for the franchised business or franchises of a similar nature with particulars of the assumptions upon which these representations are made as well as how the figures were arrived at;
21.5	Full and traceable information about the Franchisor Company, their owners and geographical location;
21.6	Details of the background, qualifications and business experience of the Franchisor's officers;
21.7	Full details of criminal and/or civil proceedings taken against the Franchisor or their officers, either in the recent past or still pending;
21.8	A schedule of initial and ongoing payments the Franchisee will be obligated to make.
This disclosure document must also be accompanied by a certificate on an official letterhead of an accounting officer or the auditor, certifying that:	
21.9	The business of the franchisor is a going concern;
21.10	To the best of their knowledge the Franchisor is able to meet their current and contingent liabilities;
21.11	The Franchisor is capable of meeting all of their financial commitments in the ordinary course of business as they fall due; and

21.12	The Franchisor's audited annual financial statements for the most recently expired financial year have been drawn up:
	✓ In accordance with South African generally accepted accounting standards;
	✓ Except to the extent stated therein, on the basis of accounting policies consistent with prior years;
	✓ In accordance with the provisions of the South African Companies Act and all other applicable laws; and
	✓ Fairly reflecting the financial position, affairs, operations and results of the Franchisor as at that date and for the period to which they relate.

Attached hereto kindly find the certificate by the franchise accountant to set out the above.

Once a Franchise Agreement is concluded, you as the Franchisee will receive the SAGH Administration and Compliance Manual that is meant to set out all the eventualities you as Franchisee may encounter as well as possible ways to deal with and address such eventualities. The Administration and Compliance Manual will stipulate the support network you will require as a Franchisee.

THUS DONE AND SIGNED

At _____ on this _____ day of _____ 20 _____

FRANCHISEE

FRANCHISEE

WITNESS

ID: _____

WITNESS

ID: _____

THUS DONE AND SIGNED

At _____ on this _____ day of _____ 20 _____

FRANCHISOR

FRANCHISOR

WITNESS

ID: _____

WITNESS

ID: _____