

Sample Item 17: Renewal, Termination, Transfer, and Dispute Resolution

ITEM 17: THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 1 (also Section 1 of Lease)	Term is equal to lease term (10 years). (Exhibits A and B).

Provision	Section in franchise or other agreement	Summary
b. Renewal or extension	Section 20	If you are in good standing, upon expiration of your original franchise agreement, you will have the right to renew your franchise for another 10-year term by signing the then current franchise agreement. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
c. Requirement for franchisee to renew or extend	Section 20	Sign then-current franchise agreement, pay renewal fee, remodel, and sign or extend lease.
d. Termination by franchisee	None	
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	Section 21	Belmont can terminate only if you default.
g. "Cause" defined – curable defaults	Section 21B	You have 30 days to cure: non-payment of fees, sanitation problems, non-submission of reports, and any other default not listed in Section 21A.
h. "Cause" defined – non-curable defaults	Section 22	Non-curable defaults: conviction of felony, repeated defaults even if cured, abandonment, trademark misuse, and unapproved transfers.
i. Franchisee's obligations on termination/non-renewal	Section 22	Obligations include complete de-identification and payment of amounts due (also see r. below).
j. Assignment of contract by franchisor	Section 18	No restriction on Belmont's right to assign.
k. "Transfer" by franchisee-defined	Section 19A	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Section 19B	Belmont has the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 19C	New franchisee qualifies, transfer fee is paid, purchaser transfer agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 19F	Belmont can match any offer for the franchisee's business.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	None, but see policy described in Note 1	
p. Death or disability of franchisee	Section 19D	Franchise must be assigned by estate to approved buyer within 6 months.
q. Non-competition covenants during the term of the franchise.	Section 11	No involvement in competing business anywhere in the U.S.
r. Non-competition covenants after the franchise is terminated or expires	Section 19C and 22C	No competing business for 2 years within 20 miles of another Belmont franchise (including after assignment).
s. Modification of agreement	Section 8A	No modifications generally, but Operating Manual is subject to change.
t. Integration/merger clause	Section 29	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 29	Except for certain claims, all disputes must be arbitrated in Minnesota.
v. Choice of forum	Section 27	Litigation must be in Minnesota.
w. Choice of law	Section 28	Minnesota law applies.
<p>Notes:</p> <p>(1) Franchisor is not obligated by the Agreement to do so, but, if the franchise is terminated, franchisor's policy is to buy back inventory at fair market value. This policy is subject to change at any time.</p>		

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