

- (a) Franchise Agreement - The underlying basis for the franchise relationship is fundamentally a matter of contract, though, as discussed earlier in this Website, the Act impacts significantly on the relationship between Franchisor and Franchisee, as contracting parties. The Franchise Agreement is the principal contract which defines Franchisor/Franchisee relationship and sets out most of the obligations of each of the parties for the duration of that relationship. Franchise Agreements must be clear, precise and comprehensive.
- (b) Sublease Agreement - In many circumstances Franchisor is required to, or wishes, to enter into a direct contractual relationship with the landlord for the lease of the Leased Premises in order to retain control over the Leased Premises and to obtain the benefit of landlord-type remedies in the event of default by Franchisee. If Franchisor is entering into a direct relationship with the landlord, then the Franchise Agreement must also impose an obligation on Franchisee to execute Franchisor's form of sublease agreement in conjunction with the execution of the Franchise Agreement.
- (c) General Security Agreement – A General Security Agreement (“GSA”) is an agreement executed by Franchisee (sometimes the grant of security language is found in the Franchise Agreement itself but most often GSA's are stand alone agreements) in favour of Franchisor which must be registered in accordance with the provisions of the *Personal Property Security Act (Ontario)* in order to perfect its security interest. The GSA provides Franchisor with status as a secured creditor in priority to other unsecured creditors in the event of Franchisee's bankruptcy or insolvency and also allows Franchisor the ability to take over the Franchised Business in the event of a default by Franchisee.
- (d) Trade-mark License Agreement – A Trade-mark Licence Agreement is a separate agreement executed by Franchisee in favour of Franchisor which controls the manner and use of the Trade-mark (although these provisions are sometimes contained in the Franchise Agreement).
- (e) Software Licence Agreement - A Software Licence Agreement is a separate agreement executed by Franchisee in favour of Franchisor which controls the manner and use of any software Franchisee is required to use in the operation of the Franchised Business.
- (f) Guarantee - Where Franchisee is a corporation or other non-natural person, the individual principals of Franchisee are often required to give Franchisor a personal guarantee of Franchisee's obligations. This will provide more incentive for the principals of Franchisee to ensure that Franchisee fulfills its monetary obligations to Franchisor and provides recourse if Franchisee is unable to fulfill these monetary obligations.