

**ADDENDUM TO THE FRANCHISE AGREEMENT  
AZARI FRANCHISE, LLC**

**FOR THE STATE OF CALIFORNIA**

This Addendum to the Franchise Agreement is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, is by and between Azari Franchise, LLC and \_\_\_\_\_

1 New Section 17 6 is inserted into the Franchise Agreement and states as follows

If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fee payments for (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default, (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have including attorneys' fees and costs

2. In recognition of the requirements of the California Franchise Investment Law, Cal Corp Code §§31000-31516 and the California Franchise Relations Act, Cal Bus And Prof Code §§20000-20043, the Franchise Agreement for Azari Franchise, LLC is amended as follows

- The California Franchise Relations Act provides rights to Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4 2 and 16
- Section 16 2 1 13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U S C Section 101, *et seq*)
- Section 17 2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement, this covenant may not be enforceable under California Law
- Paragraph 1 of this Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable
- Section 23 7 requires binding arbitration. The arbitration will occur at the forum indicated in Section 23 7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California

3 To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms

Azari Franchise, LLC

Franchisee \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**FOR THE STATE OF CONNECTICUT**

This Addendum to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between Azari Franchise, LLC and \_\_\_\_\_ (“Franchisee”) to amend and revise said Franchise Agreement as follows

1 Section 3 1, “Franchise Fee,” is amended to delete the following

- The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable, except under certain conditions set forth under Sections 5 3 and 8 3

2 Section 8, “Training and Assistance,” is amended by the addition of the following language to the original language that appears therein

- “The required training shall commence no more than sixty (60) days after execution of this Agreement ”

3 The “Training and Assistance” Section is amended by the deletion of the following language from the original language that appears therein

- Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor’s receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities)

4 Section 9 “Confidential Operations Manual,” is amended by the addition of the following language to the original language that appears therein

- “Franchisor shall provide the Confidential Operations Manual to the Franchisee no later than thirty (30) days after execution of this Agreement ”

5 Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Connecticut Law applicable to the provisions are met independent of this Addendum To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms

Azari Franchise, LLC.

Franchisee \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**FOR THE STATE OF HAWAII**

This Addendum to the Franchise Agreement is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, is by and between Azari Franchise, LLC and \_\_\_\_\_

1 In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq* , the Franchise Agreement for Azari Franchise, LLC is amended as follows

- The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 4.2, 16 and 18.2 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise and Sections 5.3 and 8.3 require Franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the Franchise, such release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 16.2.1.13, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq* )

2 Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Azari Franchise, LLC

Franchisee \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

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