

GUESS WHO'S COMING TO DINNER?
Legal Issues Facing Restaurants and Related Services

FRANCHISES

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1. Franchisor Concerns:
 - (a) Site review and approval rights
 - (b) Lease review and approval rights
 - (c) Retention of site
 - (d) The grant of a security interest to the Franchisor in the Franchisee's FF&E
 - (e) Collateral assignment of the Lease

2. Landlord Concerns:
 - (a) Transfer of lease without controls on creditworthiness and use
 - (b) Impediments to recapture of space following Franchisee default
 - (c) Cessation of Franchisor rights if the concept goes under

3. Lease Provisions
 - (a) Brand control
 - (i) Branding updates
 - (ii) Signage
 - (iii) Building prototype
 - (iv) Access and rights post-termination
 - A. De-branding
 - B. No Landlord rights in branded items

 - (b) Retention of site and lease
 - (i) No loss of renewal option
 - C. Franchisor notice if Franchisee fails to renew
 - (ii) Control over:
 - A. Amendments
 - D. Transfer by Franchisee
 - E. Voluntary termination
 - (iii) Notice and cure rights for default
 - (iv) Non-disturbance from mortgagees

 - (c) Ability to replace Franchisee
 - (i) Take-over and assignment to Franchisor
 - (ii) Assignment to new Franchisee
 - (iii) Release of Franchisor after re-assignment
 - A. Landlord concern over credit of Franchisee