

Applicant: \_\_\_\_\_ CC or Pty (Ltd)

Applicant Representative: \_\_\_\_\_ (Individual)

Franchise: \_\_\_\_\_ (Brand)

Location: \_\_\_\_\_ (Place)

Date: \_\_\_\_\_

The Manager  
Franchise Lending Solutions (Pty) Ltd  
Private Bag X21  
Highveld Park  
0067

Dear Sir,

**FRANCHISE LENDING SOLUTIONS (PTY) LTD: FRANCHISEE MANDATE**

Hereby, I, the Applicant Representative on behalf of the Applicant, engage the services of Franchise Lending Solutions (Pty) Ltd, hereinafter referred to as FLS, to facilitate the procurement of loan finance for the establishment, purchase or upgrade, whichever the case may be, of my franchise in agreement with my Franchisor on the following terms and conditions -

**1. EXCLUSIVE MANDATE**

- a. FLS is hereby authorised to represent the Applicant for application for finance at any of the participating financial institutions and to provide the required information to such participating financial institutions.
- b. The applicant confirms that he/she has been approved by the franchisor.
- c. The Applicant acknowledges that neither FLS nor the franchisor has restricted him/her in their right to apply directly for finance at the financial institution of their choice prior to the conclusion of this mandate.
- d. The Applicant acknowledges that the “Notes to the Application Process” have been explained by the designated FLS portfolio manager and that the Applicant Representative understands and accepts the contents thereof.
- e. The Applicant declares that at the time of conclusion this mandate, any other application(s) which may have been made with any financial institution(s), for the finance of the business as described by this mandate, were withdrawn in writing prior to the conclusion of this mandate.

**2. ACCEPTANCE OF OFFERS**

- a. The applicant accepts and approves of the approach of FLS to submit the financial application to the single institution most likely to approve such application taken into account the approval conditions attached to previous applications for the same brand. The applicant accepts that the profile of the franchised brand as a group, the applicant’s own contribution, additional security offered, size of loan and the credit profile of the applicant determine which institution will be approached with the application.
- b. On request of the applicant, FLS will disclose the terms at which the latest approvals were procured for previous applicant(s) relating to the same franchise system prior to the conclusion of this mandate. Although such terms disclosed are likely to prevail with future applications for the same brand, no guarantees are made in this regard.
- c. The applicant accepts that in the event of an approval offer being received from a said financial institution and such offer is not accepted within 5 working days, and the applicant fails to request

- extension based on reasonable grounds, it can be regarded as a non acceptance of such offer in which case clause 2(d) will come into effect.
- d. The applicant agrees not to attempt to renegotiate the terms of an approval offer received from any financial institution directly with such financial institution before or after acceptance of such offer.
  - e. In the event of the Applicant not accepting any finance offers procured by FLS, for any reason whatsoever, the applicant will be obliged to make payment of 75% of the origination fee which would have been earned by FLS if any offer was accepted by the Applicant.
  - f. The applicant(s) warrants that their own cash contribution, as well as any tangible security offered by the applicant as stated per Section A of the application, will be available from the date indicated per Section A and will remain available until fulfillment of the loan. In the case of non availability of total own contribution or tangible security by such date, delaying the submission of the application to an extent where the franchise agreement or lease agreement will not be concluded, or the termination of this engagement by the applicant for any other reason, the applicant will be liable for 50% of the origination fee which would have been earned by FLS if the loan was fulfilled.
  - g. The Applicant accepts that the following conditions will probably be included as part of the approval from any of the financial institutions and that the Applicant agrees to these conditions in advance with the conclusion of this mandate –
    - i. The opening of, and exclusive use, of a current account and credit card facility, if applicable, from the institution with whom a finance agreement is concluded for the duration of such agreement. The Applicant agrees and undertakes to close any existing accounts (if they do exist) if not held with the approving bank.
    - ii. The session of life insurance cover from all the shareholders and sureties of the Applicant to the value of the total loan amount. If existing cover is not sufficient, it is agreed that additional cover will be arranged prior to the implementation of the transaction.
    - iii. VAT which is charged by the suppliers and service providers relating to the set-up cost of the project will be repaid to the bank as and when such input claims have been received by the Applicant.
    - iv. Personal suretyships by all shareholders/members of the applicant to the value of the total facility.
    - v. General notarial bond over the assets of the business.

### 3. COOPERATION AND COMMUNICATION

- a. The Applicant acknowledges that FLS is subject to the regulations of the National Credit Act No. 34 of 2005 and as well as the compliance requirements of the respective financial institutions. Based on the aforesaid, any application can only be considered and processed when all required documentation, listed in Annexure A of this mandate, has been received. On behalf of the Applicant and all shareholders and sureties of the Applicant, the Applicant Representative undertakes to provide all such information in reasonable time.
- b. The Applicant accepts that the speed and efficiency at which the application will be facilitated is dependent upon the completeness, neatness and presentation of the finance application and the accompanying business plan. The Applicant accepts and agrees to the obligations placed upon itself in terms of information required and undertakes to cooperate in terms of this mandate.
- c. The applicant accepts that FLS is obliged, in terms of its agreement with the franchisor, to regularly update the franchisor on the progress of each transaction and to notify when projected pay out dates had to be extended as well as the reason(s) therefore.
- d. In order to maintain a record of related correspondence, the Applicant nominates the following e-mail address(s) to be used for correspondence relating to this mandate and the process of finance application in general. The Applicant agrees that a designated officer from the franchisor will be copied on all such correspondence.

E-Mail address 1: \_\_\_\_\_

E-Mail address 2: \_\_\_\_\_

Initial

#### 4. PROPRIETY OF INFORMATION

- a. The Applicant acknowledges that any forecasts or projections used in the compilation of the finance application and accompanying business plans does not represent any guarantee from either FLS or the franchisor. The Applicant further acknowledges that he/she is the proprietor of information supplied and always have the right to have any element of the business plan assessed independently and to change such information as he/she deems fit. The final version of the business plan may not be submitted before the Applicant representative and the franchisor have approved of the same by signature thereof.
- b. The Applicant understands that FLS has copyright on the finance application and all its supporting content, which includes the franchisors accreditation profile, and may not be reproduced or distributed to any third party without the written consent of the franchisor and FLS.

#### 5. ORIGINATION FEE

**The gross origination fee is calculated as follows:**

- a. In the case of an application in the name of a new business:
- b. 2.8% on the value of the loan up to the first R1m, with a minimum fee of R 10 000-00,
  - i. 11
  - ii. plus 2% on the value of the loan over R1m up to R3m,
  - iii. plus 1% on the value over R3m
- c. In the case of an application in the name of an existing business:
  - i. 3.6% on the value of the loan up to the first R1m, with a minimum fee of R 15 000-00,
  - ii. plus 3% on the value of the loan over R1m up to R3m,
  - iii. plus 1.5% on the value over R3m
- d. VAT will be charged on the origination fee.
- e. The applicant hereby authorizes the said financial institution to make direct payment to FLS to the extent that the fee or a portion of the fee is being capitalized against the principle loan.

#### 6. GENERAL CONDITIONS OF THE MANDATE

- a. The Applicant acknowledges that FLS may terminate this mandate upon notice to the Applicant if the obligations of the Applicant are not met within reasonable timelines.
- b. The applicant hereby binds himself personally and on behalf of the applicant entity to the conditions and obligation laid upon the applicant in terms of this mandate.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Initials and Surname \_\_\_\_\_ Signature \_\_\_\_\_

For and behalf of the Applicant, who will also be signing the franchise agreement and warrants it's authority to do so by resolution of the shareholders or members whichever the case may be.

#### OFFICE USE

Acceptance of Mandate

\_\_\_\_\_  
For and behalf of  
**Franchise Lending Solutions (Pty) Ltd**

\_\_\_\_\_  
Date

## Annexure A to the Franchisee Mandate

### Documents required with application

1. Completed Section A incorporating a list of shareholders
2. Completed Section B for each shareholder/ member or surety including
  - a. Personal Income and expense statement
  - b. Personal assets and liabilities
  - c. 6 months personal bank statements
  - d. Curriculum Vitae of operational and majority shareholders
  - e. Proof of residential address
  - f. Copy of Marriage certificate (or divorce decree if applicable)
  - g. Copy of ID
  - h. Resignation letter from current employment, if applicable (Khula), for operational shareholder – required for pay out (not with application)
3. If the applicant is an existing entity which currently trades, latest Audited financials **and** recent management accounts of the applicant entity would be required.
4. Completed Section C including
  - a. CK2 in case of close corporation and CM22 and CM29 in case of a company (if already registered). Certified copies of the original entity registration document will be required at implementation of the transaction.
5. Other documents
  - a. Offer to rent and draft lease agreement **or** actual signed lease agreement
  - b. In case of purchasing an existing business (normally supplied by seller)
    - i. Last available signed audited financials (not older than 18 months)
    - ii. Management accounts since last available signed audited financials
    - iii. List of assets at market value incorporating serial numbers, where applicable
    - iv. Signed purchase and sale agreement
6. The following **original documents** would be required from each of the shareholders upon signing of the loan agreement.
  - a. ID document
  - b. Marriage certificate or Divorce Decree and annexure
  - c. Proof of residence – utility account in shareholders name

Please note: Original ID Document and Marriage Certificate / Divorce Decree required, certified copies or affidavits declaring lost will not suffice.