

## Special Risks to Consider About This *Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia, Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.
  2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
  3. **Turnover Rate.** During the last 3 years, a high percentage of franchised outlets (more than 22%) were terminated or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
- 2.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted