



(Multistate)

**FRANCHISE DISCLOSURE DOCUMENT**

BAB SYSTEMS, INC.

500 Lake Cook Road, Suite 475

Deerfield, Illinois 60015

Toll Free #: 800/251-6101

**Website: [www.myfavoritemuffinfranchising.com](http://www.myfavoritemuffinfranchising.com)**

**Email: Once on the website, click on the “Apply”**

**Area on the Home Page**

The franchisee will engage in the business of owning and operating one of two muffin store concepts with the capacity for selling either: muffins and coffee (“My Favorite Muffin Gourmet Muffin Bakery”); or muffins, bagels and cream cheese spreads, breakfast and lunch sandwiches, coffee beverages and soft drinks (My Favorite Muffin Your All Day Bakery Cafe”).

The total investment necessary to begin operation of your first MFM Gourmet Muffin Bakery Production Store ranges from \$387,500 - \$553,500 including \$35,000 you must pay the franchisor or its affiliates. The total investment necessary to begin operation of your first MFM Your All Day Bakery Cafe Production Store ranges from ~~\$485,480~~,500 - \$687,500 including \$35,000 you must pay the franchisor or its affiliates. The total investment necessary to begin operation of your first MFM Gourmet Muffin Bakery Satellite Store ranges from \$272,500 - \$475,500 including \$23,000 you must pay the franchisor or its affiliates. The total investment necessary to begin operation of your first MFM Your All Day Bakery Cafe Satellite Store ranges from \$311,500 - \$518,500 including \$23,000 you must pay the franchisor or its affiliates.

The total investment necessary to begin operation of your franchised MFM Area Development business is from \$55,000 to \$255,000, all of which you must pay the franchisor. That investment is in addition to the initial investment for your MFM Store. Under the Area Development Agreement, you must open a minimum of 2 MFM Stores.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability in different formats, contact the Franchise Development Department at 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015 and 800/251-6101.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your

EXHIBIT R

**BAB SYSTEMS, INC.**  
**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**  
**FOR THE STATE OF MINNESOTA**

The BAB Systems, Inc. Franchise Disclosure Document for use in the State of Minnesota is modified in accordance with the following:

1. Item 13 of the Franchise Disclosure Document on "Trademarks" is amended by the addition of the following language to the original language that appears therein:

"In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:

- A. delivers to Franchisor prompt written notice of the threat;
- B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;
- C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;
- D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and
- E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."

2. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language to the original language that appears therein:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. See Minnesota Statute 80C.14, 17 Subd. 3, ~~4 and 5~~, which require, (except in certain specified cases,) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 ~~days~~days' notice for non-renewal of the MFM Franchise Agreement~~franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.~~"

"Minnesota Law prohibits franchisors from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability. Therefore, Franchisee shall not be required to agree to subsequently execute a general release of any and all claims against Franchisor and its affiliates, their officers, directors, employees and agents."

"Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J prohibit ~~us~~the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of ~~your~~the franchisee's rights as provided for in Minnesota ~~Statutes, Chapter~~Statute, 80C, or ~~your~~(2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

*The remainder of this page is left blank intentionally.*

**RECEIPT (Your Copy)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If BAB Systems, Inc. (“BAB” or “Franchisor”) offers you a franchise, it must provide this Franchise Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale or grant. New York state law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If BAB does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the state agencies listed in Exhibit J. BAB authorizes the agents listed in Exhibit K to receive service of process for BAB.

The issuance date of this disclosure document is February ~~4, 2024~~, 2025.

The name, principal business address and telephone number of each franchise seller offering the franchise (check names that apply):

- \_\_\_ Geraldine Conn, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101
- \_\_\_ Kenneth E. Liczwek, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101
- \_\_\_ Michael Evans, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101
- \_\_\_ Michael Murtaugh, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101
- \_\_\_ Leslie Walters, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101
- \_\_\_ Brian Evans, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101
- \_\_\_ Jerry Jurgens, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800-251-6101
- \_\_\_ Other: \_\_\_\_\_, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101

The names of additional franchise sellers will be provided to you prior to your signing the Franchise Agreement.

I have received a Franchise Disclosure Document with an issuance date of February 3, 2025, and an effective date for state registrations as noted on Exhibit S of this Disclosure Document. This Franchise Disclosure Document includes the following Exhibits:

- |  |   |
|--|---|
| Exhibit A - Preliminary Agreement                          | Exhibit K - List of Agents for Service of Process   |
| Exhibit B - Franchise Agreement and Riders                 | Exhibit L - General Release   |
| Exhibit C - Area Development Agreement                     | Exhibit M - Assignment Agreement (to entity)  |
| Exhibit D - Disclosure Acknowledgement Statement           | Exhibit N – Assignment Agreement (between unrelated Franchisees)                                  |
| Exhibit E - Confidentiality and Non-Competition Agreement  | Exhibit O - Transferee's Waiver and Release   |
| Exhibit F - Wholesale Program Addendum                     | Exhibit P - Financial Statements  |
| Exhibit G - Catering Program Addendum                      | Exhibit Q – Table of Contents of MFM Operations Manual  |
| Exhibit H - List of Current Franchisees and Company Stores | Exhibit R – State Addenda for CA, IL, IN, MD, MI (in front of FDD), MN, NY, ND, RI, VA, WA and WI |
| Exhibit I - List of Former or Inactive Franchisees         | Exhibit S – State Effective Dates   |
| Exhibit J - List of State Administrators                   |   |

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Individually and/or as an Officer or Partner of:

- A \_\_\_\_\_ Corporation
- A \_\_\_\_\_ Partnership
- A \_\_\_\_\_ Limited Liability Company

(MFM FDD 2025.001 multistate; MFM FA 2021.001 MS)

KEEP THIS COPY FOR YOUR RECORDS

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Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Individually and/or as an Officer or Partner of:

- A \_\_\_\_\_ Corporation
- A \_\_\_\_\_ Partnership
- A \_\_\_\_\_ Limited Liability Company

(MFM FDD 2025.001 multistate; MFM FA 2025.001 MS)

Please sign this copy of the receipt, date your signature, and return to BAB Systems, Inc.  
(mail to 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015)