

## 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 Massachusetts. 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 Massachusetts than in your own state.
2. ~~2.~~ **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Supplier control. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.**

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.

TYPE OF EXPENDITURE	AMOUNT <sup>1</sup>	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
TOTAL:	\$116,280 to \$143,542 <sup>7</sup> (Excludes Real Estate Costs)			

NOTES:

- (1) We do not finance any fee.
- (2) We do not estimate any real estate costs. They vary dramatically based on numerous factors. We presume you will operate the business office of your **ohDEER** Franchised Business from your home and use either your garage or rent a storage facility as your operating facility to store the equipment and operate the service provider part of your **ohDEER** Franchised Business.
- (3) This line item is for the deposit, the monthly cost of leasing or purchasing for the first 3 months and custom painting for one vehicle to our specifications to transport the equipment and products. Currently the truck is an Isuzu NPR dual wheel 14,500 GVW 9 foot flatbed truck, two years old or newer in clean condition. Exceptions may be considered on a case by case basis. The required truck color is Sahara Tan, JFD. If purchasing the truck new, the total costs range between \$50,000 to \$60,000. The line item also includes the monthly cost of leasing or purchasing a Chevrolet or GMS van. The van must be purchased prior to opening depending upon your location and climate. If purchasing the van new, the total cost estimate is \$55,000. The truck and van need not be new, but must meet our high standards of appearance and be affixed with **ohDEER** graphics to our specifications. These costs are non-refundable, but the vehicles may be resold on the secondary market. Requirements may be modified due to availability. If you have more than one Franchised Business, you must purchase separate vehicles for each territory.
- (4) Includes business entity formation, accounting or other legal fees.
- (5) Estimated cost to activate policy coverage, which you may be able to pay in monthly installments. Costs vary widely from location to location and from state to state. Required coverages include, without limitation, casualty, liability and Workers' Compensation. See Item 8 for additional information on insurance requirements.
- (6) Estimate of labor needed to get your **ohDEER** Franchised Business ready to open for business, and extra labor expense you will incur while training your staff both before and after opening. Based on past experience of our affiliate, the typical start up period during which labor costs can be expected to run higher than normal is 30 days before opening and 60 to 90 days after opening.
- (7) We relied on our affiliate's sixteen years of experience operating a similar pest control business to compile these estimates. Although we have tried to be as accurate as possible in our estimate of your initial investment, you should review these figures carefully with a skilled business advisor before you decide to purchase the franchise. The figures above are estimates. ~~Your actual costs will depend on factors which include the location and size of your **ohDEER** Franchised Business; how much you follow **ohDEER**'s recommended methods and procedures; your overall management and business skills; local economic conditions; competition; the prevailing local wage rate; and the amount and effectiveness of your advertising, marketing and promotion.~~

**TO LIQUIDATED DAMAGES, TERMINATION PENALTIES, OR JUDGEMENT NOTES.**

2. The following paragraph is added to Item 13:

Franchisee will have right to use the Franchisor's trademarks, service marks, trade names, logotypes or other commercial symbols (collectively the "Marks"). The Minnesota Department of Commerce requires that OH DEER DEVELOPMENT CORPORATION indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of OH DEER DEVELOPMENT CORPORATION Marks infringes marks of the third party. OH DEER DEVELOPMENT CORPORATION does not indemnify against consequences of franchisee's use of the Marks except in accordance with the requirements of the franchise.

3. The following statement is added at the end of Item 17(c):

Any release signed as a condition of renewal will not apply to any claims you may have under the Minnesota Franchise Act.

4. The following statement is added at the end of Item 17(m):

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

5. The Summary in Item 17(v) is deleted, and the following Summary is inserted in its place:

A Franchisee may file an action in Minnesota for claims arising under Minn. Stat. Sec. 80C.17, subd. 5. Any claims arising under Minn. Stat. Sec. 80C.17, subd. 5 must be brought within three years after the cause of action accrues.

6. The following statement is added at the end of Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the applicable franchise agreement and that consent to transfer of the franchise will not be unreasonably withheld.

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.

particular franchisor.

- e. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Furthermore, Minn. Rule 2860.4400J prohibits a Franchisee from waiving his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes.
  - f. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgements shall be void with respects to claims under the Act.
  - g. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights you may have as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.
  - h. If the Franchise Agreement requires you to sue the Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights you may have as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. As such, the disclosure in the risk factor on the cover page of the Disclosure Document that the Franchise Agreement requires you to bring a claim outside the State of Minnesota is not applicable because of the Franchise Act.
  - i. A Franchisee may file a civil lawsuit in Minnesota for claims arising under Minn. Stat. §80C.17, Subd. 5. Any claims arising under Minn. Stat. §80C.17, Subd. 5 must be brought within three years after the cause of action accrues.
2. Minn. Stat. Sec. 80C.06, Subd. 5 requires you to receive the Disclosure Document at the earlier of: (i) seven days prior to signing the Franchise Agreement; or (ii) seven days prior to our receipt of any consideration.
  3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. 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.

[signatures on following page]