

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 arbitration and/or litigation only in its then-current home state (which currently is New Jersey). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (which currently is New Jersey) than in your own state.
- ~~2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.~~
2. ~~3.~~ **Mandatory Minimum Payments**. You must make minimum 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. ~~4.~~ **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.

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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

1. ~~1.~~ [The following risk factor is added to the “Special Risks to Consider About This Franchise” Page:](#)

[Turnover Rate. During the last 3 years, a large number of franchised outlets \(58 outlets\) were terminated. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.](#)

2. ~~1.~~ The following sentence is added to the “Remarks” column of the “Interest on Late Payments” line-item in Item 6:

With respect to franchises governed by Minnesota law, we will comply with Minn. State. Sec. 604.113, which puts a cap of \$30 on service charges.

3. ~~2.~~ The following paragraph is added to the end of Item 13:

EM will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark pursuant to and in compliance with the Agreement, and for all costs you reasonably incur in defending any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified EM of such claim or proceeding and have otherwise complied with the Agreement.

4. ~~3.~~ The following language is added to the end of the “Summary” sections of Item 17(c), titled **Requirements for franchisee to renew or extend**, and Item 17(m), titled **Conditions for franchisor approval of transfer by franchisee:**

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. ~~4.~~ The following paragraphs are added to the end of Item 17:

For franchises governed by the Minnesota Franchises Law, EM 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 non-renewal of the franchise agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit EM from requiring litigation to be conducted outside Minnesota, requiring waiver of a

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending September 19, 2024
Illinois	Pending August 19, 2024
Indiana	{Date} August 5, 2024
Maryland	Pending September 6, 2024
Michigan	August 5, 2024
Minnesota	Pending
New York	Pending October 8, 2024
North Dakota	Pending September 5, 2024
Rhode Island	Pending August 16, 2024
South Dakota	{Date} August 5, 2024
Virginia	Pending September 19, 2024
Washington	Pending September 30, 2024
Wisconsin	{Date} August 5, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.