

## **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 Texas. 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 Texas 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.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

**AMENDMENT TO SWEET PARIS FRANCHISE, LLC  
DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT  
AGREEMENT  
FOR THE STATE OF MINNESOTA**

The Sweet Paris Franchise, LLC Disclosure Document (the “Disclosure Document”) and Franchise Agreement and Area Development Agreement between \_\_\_\_\_ (“Franchisee”) and Sweet Paris Franchise, LLC, a Texas limited liability company (“Sweet Paris”), dated \_\_\_\_\_, 20\_\_\_\_ (the “Agreements”) shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreements (this “Amendment”):

**MINNESOTA LAW MODIFICATIONS**

1. The Minnesota Department of Commerce requires that certain provisions contained in franchise documents be amended to be consistent with the Minnesota Franchise Law, Minnesota Statute Chapter 80C, which regulates the sale of franchises to be located in Minnesota or to be sold to residents of Minnesota. Registration is required by the franchisor offering and selling the franchise. To the extent that the Disclosure Document and/or Agreements contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Agreements require the Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action of Sweet Paris that would violate the Act, or a rule or order under the Act. Minn. Rule 2860.4400D prohibits requiring a franchisee to assent to a general release. Any release of claims or acknowledgment of fact contained in the Agreements that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Minnesota Franchises Act or a rule or order promulgated thereunder shall be void with respect to claims arising under the Minnesota Franchises Act.

b. The following language must amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and Agreements:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

c. The Minnesota Department of Commerce requires that Sweet Paris indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Agreements. Article 6.6 of the Franchise Agreement describes the circumstances under which Sweet Paris will indemnify you against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in Article 6.6 of the Franchise Agreement.

d. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than three (3) years after the cause of action accrues. To the extent that the Agreements conflict with this law, the Minnesota law will control.

e. The Agreements contain certain provisions regarding termination and non-renewal of franchise and notice and opportunity to cure. To the extent any provision of the Agreements and/or the Disclosure Document are inconsistent with respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 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 notice for non-renewal of the Franchise Agreement, those provisions of the Agreements and/or Disclosure Document are hereby amended accordingly. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Agreements.

f. Any section of the Agreements (pertaining to liquidated damages) is hereby deleted; provided, that such deletion shall not excuse you from liability for actual or other damages and the formula for assessing liquidated damages shall be admissible in any litigation or proceeding as evidence of actual damages.

g. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Agreements conflict with this law, the Minnesota law will control.

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

~~i. Exhibit G of the Franchise Agreement, titled "Franchisee Disclosure Acknowledgment Statement," is hereby deleted and shall have no force or effect.~~

i. 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.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of