

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 us by arbitration and litigation only in the judicial district in which we have our principal place of business at the time the action is commenced, which is currently Columbia, Maryland. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us or sue us in Maryland than in your own state.
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. **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.
4. **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 franchisor in a system with a longer operating history.
5. **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” pages for your state in [Exhibit K](#).