

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 or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate with franchisor in Texas than in your home state.

2. Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even through your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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. Mandatory Minimum Payments. You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

5. 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.

6. Unregistered Trademark. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

7. 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 THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

THIS AMENDMENT TO FRANCHISE AGREEMENT effective _____, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (“**Franchise Agreement**”) between Layne’s Chicken Franchising, LLC (“**Franchisor**”) and _____ (“**Franchisee**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The provisions of this Amendment form an integral part of, and are incorporated into, the Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; b) Franchisee is a resident of the State of Minnesota; and/or c) the franchise will be located or operated in the State of Minnesota.

2. Franchisor will undertake the defense of any claim of infringement by third parties involving the mark, and Franchisee will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.

2. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 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 nonrenewal of the Franchise Agreement.

3. 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.

44. Section 4.1 is amended to reflect the following:

“Based upon the franchisor’s financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.”

5. Section 19.6 (Jury Waiver) and Section 19.7 (Waiver of Punitive and Consequential Damages) are hereby deleted.

56. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.

67. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400(J). A court will determine if a bond is required.

78. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this Amendment.

89. Section 4.9 is amended to reflect the following:

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

910. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection

LAYNE'S CHICKEN FRANCHISING, LLC
MINNESOTA AMENDMENT TO THE DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT effective _____, (“**Amendment**”) is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (“**Development Agreement**”) between Layne’s Chicken Franchising, LLC, (“**Franchisor**”) and _____ (“**Developer**”).

Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Development Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. The provisions of this Amendment form an integral part of, and are incorporated into, the Development Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Developer was made in the State of Minnesota; b) Developer is a resident of the State of Minnesota; and/or c) the franchise will be located or operated in the State of Minnesota.
2. Franchisor will undertake the defense of any claim of infringement by third parties involving the mark, and Developer will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.
3. 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 developer 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 developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

64. Section 3.1 is amended to reflect the following:

“Based upon the franchisor’s financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.”

5. Section 14.6 (Jury Waiver) and Section 14.7 (Waiver of Punitive and Consequential Damages) are hereby deleted.

76. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.

87. The developer cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400(J). A court will determine if a bond is required.

98. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this Amendment.

109. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Maryland franchisees and/or outlets located in the State of Maryland are not to sign the Questionnaire as provided in Exhibit F to the Franchise Disclosure Document.

FOR THE STATE OF MINNESOTA

1. Item 5 and 7 are supplemented with the following:

Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement

- ~~2.~~ Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(c) (Requirements for franchisee to renew or extend) and Item 17(m) (Conditions for our approval of transfer by franchisee):

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01-80C.22.

- ~~3.~~ Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(f) (Termination by franchisor with cause):

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minnesota Statutes Sec. 80C.14, Subs. 3,4, and 5 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 applicable agreement.

- ~~4.~~ Item 17 is supplemented by adding the following language to the end of the "Summary" section of Item 17(v) (Choice of forum):

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or 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.

- ~~5.~~ Item 6 of the disclosure document is supplemented with the following:

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

- ~~6.~~ 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F, OR YOUR PUBLIC LIBRARY, FOR SERVICES OR INFORMATION.

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS