

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **Addendum to Disclosure Document Pursuant to the Minnesota Franchise Investment Law**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Minnesota Franchise Act”). To the extent that the Disclosure Document for use in the State of Minnesota contains provisions that are inconsistent with the following, such provisions are hereby amended:

- ~~1. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Franchise Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act’s requirements and shall have no force or effect.~~

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A

**COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

3. Adding the following information to amend Item 13 of the FDD:

~~2. Concerning franchises governed by Minnesota Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that a franchisee be given written notice of a franchisor's intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. If~~ Franchisor will adhere to requirements pursuant to Minn. Stat. Sec. 80C.12, subdivision 1 (g) of the Minnesota Franchise Act that it protect your right to use the Principal Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the Principal Marks in accordance with the Franchise Agreement ~~and/or the Disclosure Document contain(s) a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect.~~

4. Adding the following information for Item 17 (b), (c), (e), (f), (g) and (h) of the FDD:

~~3. Concerning franchises governed by Minnesota Franchise Act, franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. subdivisions 3-, 4 and 5, which requires, except in certain specified cases, that a franchisee you be given 90 days' notice of termination (with 60 days to cure).—If and 180 days' notice for non-renewal of the Franchise Agreement and/or the Disclosure Document contain(s) a provision that is inconsistent with the Franchise Act, the provision of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect.~~ that franchisor's consent to the transfer of the franchise will not be unreasonably withheld.

5. ~~4. If the Franchise Agreement and/or the Disclosure Document requires you to execute a~~ Item 17 (c) and (m) are revised to provide that Franchisor cannot require you to sign a general release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the under the Minnesota Franchise Act as a condition to renewal or assignment.

6. Adding the following information to Item 17 (k), (l) and (m) of the FDD:

~~, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.~~ In connection with a transfer, you must sign a release of any claims you may have against Franchisor. However, the release will not apply to any claim you may have under the Minnesota Franchise Act or its implementing Rules and Regulations.

- ~~5. If the Franchise Agreement and/or the Disclosure Document require(s) that it be governed by a state's law, other than the State of Minnesota, or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including any right to submit matters to the jurisdiction of the courts of Minnesota.~~
- ~~6. If the Franchise Agreement and/or the Disclosure Document require(s) you to sue the Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of the Franchisee 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 risk factor 1 on the cover page of the Disclosure Document that the Agreement requires you to sue outside the State of Minnesota is not applicable because of the Franchise Act.~~
- ~~7. Item 17 of the Disclosure Document shall be supplemented by the addition of the following new paragraph: Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.~~

7. Adding the following information to Item 17 (u), (v) and (w) of the FDD:

Minnesota Rule 2860.4400(J) states that it is unfair and inequitable for a franchisor to require a franchisee to waive his rights to any forum provided for by the laws of the jurisdiction, except that this shall not bar an exclusive arbitration clause. Accordingly, with respect to franchises governed by Minnesota Franchise Act, any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of Minnesota is unenforceable as to any cause of action which otherwise is enforceable in the courts of the State of Minnesota, provided that this shall not bar an exclusive arbitration clause.

8. Franchisor is prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minn. Stat. Sec. 80C.01-80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.
9. Minn. Stat. Sec. 80C.21 and Minnesota Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chap. 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
10. Minn. Stat. Sec. 80C.17 states that no action may be commenced pursuant to this section more than three years after the cause of action accrues.
11. ~~8.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee you 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 ~~any~~ other person acting on behalf of ~~the franchisor~~us. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum 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.

### **Addendum to Disclosure Document Pursuant to the New York Franchise Sales Act**

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or