

## 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. **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. **Minimum Performance.** 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. **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](#).

(18) You will need to register your two vehicles with the state and local motor vehicle authorities. These registration fees will vary from state to state.

(19) You will need to purchase and maintain a supply of decals with our logo and phone number to attach to consumer units you service or install. You must purchase artwork for decals bearing the Marks from an approved vendor before opening your business.

(20) The telephone numbers and electronic identities you use in connection with the Franchised Business will be owned and controlled by us or an approved supplier. We require you to “port” or transfer all phone numbers to an approved call routing and tracking supplier (see Item 8). The cost for this service and the new telephone number will vary, but we estimate it will cost you \$100 per month depending on the number of telephone lines you require. The estimate for telephone services covers the first month only and assumes one telephone line on the low end of the range and five telephone lines on the high end of the range. All telephone calls to the Franchised Business must be answered by a “live” voice. We recommend, but do not require, that you use a Call Center to provide “live” voice answering services. In order to obtain Call Center services, you will likely need to pay a one-time set up fee plus your first month’s subscription fee.

(21) Your technicians should have their own tools. However, we recommend that you keep a set of tools on hand to loan to a technician.

(22) The low estimate assumes that the principal Owner of the Franchised Business will devote full working time to the supervision and management of the Franchised Business. The high estimate assumes that the supervision and management of the Franchised Business will be by a non-Owner Key Person whom you hire and who successfully completes all training we require. The high estimate is for three months of salary for this individual.

(23) This is an estimate of additional funds you may need during the initial period of operation of the Franchised Business, which we define as three months from opening. You are required to conduct initial local marketing as part of your pre-opening/grand opening of your Franchised Business. The low end of the range includes \$6,000 per month for the first 2 months after opening your Franchised Business. The high end of the range assumes that you will spend an average of \$6,000 per month for the first three months of operations after you open your Franchised Business. Our estimates are based on both our experience and our predecessor’s years of experience in the Electrical Services and other home services industries and as a franchisor. You will need to have sufficient additional capital to cover ongoing expenses, such as salaries for approximately two employees and yourself and the expense of uniforms and drug testing for your employees. This estimate depends upon many factors including the timing in which you staff your operation and hire additional employees, anticipated salaries of those employees and funds required to service any debt you may have incurred. These estimates will vary based on your individual circumstances.

As used in this Item 7, “**As arranged**” means as agreed between you and the supplier or vendor, and “**As incurred**” means as you incur the applicable expense.

~~You should review these estimates carefully with an accountant or other business advisor before making any decisions to license a Franchised Business or convert an existing Electrical Services business into a Franchised Business. The figures shown in this Item 7 are only estimates. Factors unique to your location can affect your actual costs.~~

Except as described in Item 10 for the Franchise Fee and any applicable Additional Population Fee, we do not provide financing to franchisees in connection with their initial investment. The availability and terms of financing from third parties will depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financial institutions.

**INFORMATION REQUIRED  
BY THE STATE OF MINNESOTA**

**Item 6 and Item 10, Additional Disclosure.**

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

**Item 13, Additional Disclosure.**

We will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, provided that your use of the Marks is in accordance with the requirements of the Franchise Agreement and the System.

**Item 17, Additional Disclosures.**

We will comply with Minnesota Statutes Section 80C.14, subdivisions 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.

Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive 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.

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 Statutes §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. This rule does not bar a voluntary arbitration of any matter.

**Item 22, Additional Disclosures.**

No statement, questionnaire, or acknowledgment 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 in connection with the franchise.

Exhibit E to the Franchise Disclosure Document (*Questionnaire to be Completed Before Executing Franchise Agreement*) is not applicable in Minnesota.

**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.**

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.