

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, retail location and development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in New York. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in New York than in your own state.
2. **Restrictions and Purchases.** You must purchase all or nearly all inventory and supplies necessary to operate your business from franchisor, its affiliates, or from suppliers that franchisor designates at prices that may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
3. **Spousal Guarantee.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though 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.
4. **Other Risks.** There may be other risks concerning this franchise.

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.