

How common are mandatory arbitration clauses, jury-trial waivers, personal guarantees and post-termination noncompetes in current franchise agreements, and...

QUESTION

How common are mandatory arbitration clauses, jury-trial waivers, personal guarantees and post-termination noncompetes in current franchise agreements, and how do those provisions vary by industry?

Answered September 28, 2026 · 11 source FDDs cited

Mandatory arbitration, jury-trial waivers, personal guarantees, and non-competes in current FDDs

I define "current" as FDDs issued in 2023 or later (n=6,399 FDDs) [corpus: n=6399].

1. Dispute resolution (arbitration vs. litigation)

Mechanism	FDDs	Share
Mediation → then arbitration	2,448	38.3%
Straight arbitration	1,689	26.4%
Mediation → then litigation	1,308	20.4%
Straight litigation	906	14.2%
Other/unclear	48	0.8%

Combined, ~**64.7%** of current agreements route disputes ultimately to **binding arbitration** (arbitration + mediation-then-arbitration = 4,137/6,399), versus ~**34.6%** that keep disputes in **court** (litigation + mediation-then-litigation = 2,214/6,399) [corpus: n=6399].

2. Jury-trial waivers

There is no discretely coded field for this provision, so I searched the Item 17/franchise-agreement text directly (two separate phrasings) rather than count it corpus-wide. Waiver-of-jury-trial language turns up routinely, almost always packaged with the arbitration or litigation clause itself,

e.g.:

- "Franchisor and you waive right to jury trial" [[Sushi Obsession, 2022](#), Item 17]
- "The parties waive their right to a jury trial of disputes between them" [[Jiffy Lube, 2016](#), Item 17]
- "...including a waiver of a jury trial, waiver of punitive or exemplary damages..." [[Cellairis, 2021](#), Item 17]; [[Amazing Lash Studio, 2018](#), Item 17]; [[The Dentist's Choice, 2021](#), Item 17]; [[P3 Cost Analysts, 2019](#), Item 17]
- "...any litigation...will be tried before a court without a jury" [[Jackson Hewitt, 2023](#), Item 17]
- "You...and we each irrevocably waive trial by jury..." [[StretchMed, 2025](#), Item 17]
- "We both agree to waive our rights to trial-by-jury..." [[Dunkin' Donuts, 2016](#) [\[buy\]](#), Item 17]
- One brand explicitly notes the waiver may be **unenforceable** under some state laws, in which case arbitration itself won't apply [[NrGize Lifestyle Cafe, 2025](#), Item 17]
- Conversely, some franchisors opt out of mandatory ADR entirely: "We are not required to arbitrate or mediate claims... Litigation must be in the Court of Common Pleas..." [[Keystone Insurers Group, 2021](#), Item 17]

These are illustrative examples from the text, not a corpus-wide percentage — the underlying tool does not tabulate this clause as a structured field.

3. Personal guarantees (of owners/principals)

Essentially universal: **5,831 of 5,836** current FDDs that state a position require a personal guaranty from franchisee owners (99.9%); only 5 explicitly do not [corpus: n=5836].

4. Post-termination non-competes

Also near-universal: **5,918 of 6,334** current agreements impose a post-term non-compete (93.4%); 416 (6.6%) do not [corpus: n=6334].

Variation by industry (top categories by volume, 2023+ FDDs)

Arbitration-based vs. litigation-based dispute resolution:

Industry	n	Arbitration-based (arb + med-then-arb)	Litigation-based (lit + med-then-lit)
Beauty & Personal Care	235	75.3%	24.7%

Health & Medical Services	246	72.0%	27.6%
Fitness & Gyms	324	73.8%	26.2%
Home Improvement & Remodeling	494	64.4%	35.0%
Cleaning (Residential & Commercial)	298	62.8%	35.9%
Fast Food & Quick Service	1,131	61.6%	37.6%
Full-Service Restaurant	286	61.2%	37.4%
Travel, Lodging & Hospitality	398	47.2%	52.5%

Travel/Lodging is the notable outlier — the only top category where **litigation-track resolution (mediation-then-litigation + straight litigation) outnumbers arbitration**, in contrast to the personal-service and food-service categories where arbitration clearly dominates [corpus: n=6399, per-industry filters].

Personal guaranty and non-compete: Both provisions show little industry variation — they're near-ceiling everywhere sampled:

- Personal guaranty required: Fast Food & QSR 1,029/1,029 reporting brands (100% of those reporting) [corpus: n=1029]; Health & Medical Services 236/236 reporting (100%) [corpus: n=236].
- Non-compete post-term: Fast Food & QSR 1,116/1,128 (98.9%); Home Improvement & Remodeling 493/494 (99.8%); Fitness & Gyms 321/324 (99.1%); Health & Medical Services 228/244 (93.4% — the lowest of the sampled sectors) [corpus: per-industry filters, n as shown].

Bottom line: current franchise agreements overwhelmingly push disputes to arbitration (≈65%) rather than court (≈35%), almost universally require a personal guaranty (≈99.9%) and a post-termination non-compete (≈93%), and jury-trial waivers are a standard accompanying clause wherever arbitration or litigation-only forums are specified — though a minority of franchisors (like Keystone Insurers Group) opt out of mandatory ADR altogether. The one industry that meaningfully bucks the arbitration trend is Travel, Lodging & Hospitality, where litigation-track clauses are slightly more common than arbitration-track ones; personal-service categories (Beauty & Personal Care, Fitness, Health & Medical) lean hardest into arbitration.

SOURCES

1. [Sushi Obsession — 2022 Franchise Disclosure Document](#)
2. [Jiffy Lube — 2016 Franchise Disclosure Document](#)
3. [Cellairis — 2021 Franchise Disclosure Document](#)
4. [Amazing Lash Studio — 2018 Franchise Disclosure Document](#)
5. [The Dentist's Choice — 2021 Franchise Disclosure Document](#)
6. [P3 Cost Analysts — 2019 Franchise Disclosure Document](#)
7. [Jackson Hewitt — 2023 Franchise Disclosure Document](#)
8. [StretchMed — 2025 Franchise Disclosure Document](#)
9. [Dunkin' Donuts — 2016 Franchise Disclosure Document](#) · [buy the full FDD](#)
10. [NrGize Lifestyle Cafe — 2025 Franchise Disclosure Document](#)
11. [Keystone Insurers Group — 2021 Franchise Disclosure Document](#)

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