

FRANCHISE DISCLOSURE DOCUMENT

FRENCHIES

modern nail care

FRENCHIES, LLC

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FRENCHIES, LLC is offering franchises for the use of the trademark “FRENCHIES®” and related trademarks and service marks for the operation of a business offering hand and foot care services for men and women and the sale of related products (“**Nail Studio**”).

The total investment required to begin operating a FRENCHIES franchise ranges from \$195,550 to \$336,100. This includes \$44,500 to \$49,500 that you must pay to the franchisor or its affiliates. We may also offer you the right to develop two (2) or more Nail Studios. You would then sign an “Area Development Agreement” and pay a Development Fee equal to the sum of the initial franchise fee for each franchise you agree to open, which ranges from \$49,500 to \$19,500 per Nail Studio depending on the number of Nail Studios you agree to develop. The Development Fee will then be credit towards the initial franchise fee owed for each Nail Studio. Your estimated initial investment will vary based on the number of Nail Studios franchises to be developed.

This Disclosure Document summarizes, in plain English, select provisions of your franchise agreement and other information. Carefully read this Disclosure Document and all its accompanying agreements. Please note that you **must** receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with (or make any payment to) the franchisor or an affiliate for the proposed franchise sale. **Please also note that no governmental agency has verified the information in this document.**

You may want to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of different formats for this Disclosure Document, contact our Chief Executive Officer, Guy Coffey, at the address and telephone number above.

The terms of your contract will govern your franchise relationship. Please do not rely on this Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. The Federal Trade Commission provides more information about franchising, including “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document. You can contact the FTC at 1.877.FTC.HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s website at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws about franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: May 30, 2018.

(Please see the page entitled “State Effective Dates” for State-Specific Effective Dates.)

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit A** for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION OR LITIGATION IN COLORADO. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS-FAVORABLE SETTLEMENT. IT MAY ALSO COST MORE TO ARBITRATE OR LITIGATE WITH US IN COLORADO THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE WERE FORMED ON MARCH 11, 2015 AND HAVE A LIMITED OPERATING HISTORY AND EXPERIENCE IN THE OFFER AND SALE OF FRANCHISES.
4. ALL OF THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO SIGN PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.
5. YOU MUST MAKE MINIMUM ROYALTY, ADVERTISING FUND, TECHNOLOGY, AND OTHER PAYMENT REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS RELATED TO THIS FRANCHISE.

We may use one or more franchise brokers or referral sources to help us sell our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

EFFECTIVE DATE: Please see the page entitled “State Effective Dates” for State-Specific Effective Dates.

NOTICE MANDATED BY SECTION 8 OF MICHIGAN'S FRANCHISE INVESTMENT ACT

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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