

FRANCHISE DISCLOSURE DOCUMENT



The Hammer & Nails Salon Group, LLC
a California limited liability company
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The franchise described in this disclosure document is for the establishment of a franchised retail salon business that specializes in barbering, straight razor shaves, and hand and foot grooming, along with other grooming services, primarily for men under the name “Hammer & Nails®” at a specific location (referred to as a “Location” or “Location Franchise”).

The total Investment necessary to begin operation of a Hammer & Nails® Location ranges from \$269,700 to \$549,450 this includes the Initial Franchise Fee of \$49,950 that must be paid to us or our affiliates.

This disclosure document (“Disclosure Document”) summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats contact Aaron Meyers, President and COO, The Hammer & Nails Salon Group, LLC, 101 Parkshore Drive, Suite 208, Folsom CA 95630, (916) 932-2150.

The terms of your contract will govern your franchise relationship. Don’t rely on the 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 accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 1, 2019

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 C 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN CALIFORNIA. OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTY, WHICH MAKES YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THIS GUARANTY WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARTIAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. YOUR TERRITORY IS NOT AN EXCLUSIVE TERRITORY BUT A PROTECTED AREA AS FURTHER DESCRIBED UNDER ITEM 12 TITLED TERRITORY.
5. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
6. YOU MAY BE REQUIRED TO MAKE MINIMUM ADVERTISING PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling 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: March 1, 2019

Except for the States listed on next page

The effective dates of registration of this Disclosure Document in these states are:

<u>State</u>	<u>Effective Date</u>
California	March 21, 2019
Hawaii	April 4, 2019
Illinois	March 15, 2019
Indiana	August 23, 2018
Maryland	April 29, 2019
Michigan	May 18, 2019
Minnesota	April 15, 2019
New York	March 26, 2019
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	March 25, 2019
Washington	April 12, 2019
Wisconsin	Not Registered

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