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FRANCHISE DISCLOSURE DOCUMENT

JUN 24 2014

HAPPY NAILS FRANCHISE INC
a California corporation
15776 Gateway Circle
Tustin California 92780
(714) 259 8888
www.happynails.com
contact@happynails.com



Happy Nails Franchise Inc offers franchises for the right and obligation to operate a salon providing personalized body and nail care services and retail sales of body and nail care products

We offer two franchise programs Happy Nails and Spa or Happy Nails Express franchise

The estimated initial investment necessary to begin operation of a Happy Nails and Spa or Happy Nails Express franchise ranges from \$155 200 to \$450 000 This amount includes the initial franchise fee of \$10 000 plus \$1 000 for each European foot spa chair \$500 for each manicurist station and \$2 500 for each individual treatment room which must be paid to the franchisor or its affiliate

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read the disclosure document and all accompanying agreements carefully You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make any payments to the franchisor or an affiliate in connection with the proposed franchise sale or grant **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 Henry Huynh at 15776 Gateway Circle Tustin California 92780 Telephone (714) 259 8888

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document alone to understand your contract Read all of your 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 Information about comparisons of franchisors is available 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 Call your state agency or visit your public library for other sources of information on franchising

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

ISSUANCE DATE June 23 2014

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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT**

Call the state franchise administrator listed on 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 CONTAINS A MANDATORY BINDING MEDIATION PROVISION GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US THE MEDIATION AND ANY LITIGATION WILL TAKE PLACE IN THE COUNTY IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS

2 THE FRANCHISE AGREEMENT PROVIDES THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW AND YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS

3 YOUR BUSINESS MAY DECLINE WHEN THERE IS BAD PUBLICITY ABOUT THE TYPES OF SERVICES WE PROVIDE ANOTHER SALON IN OUR SYSTEM OR EVEN ABOUT A COMPETING BEAUTY SALON OR SYSTEM SUCH AS PUBLICITY ABOUT A CRIME INJURY OR OTHER MISFORTUNE AT ANY SUCH SALONS

4 YOUR BUSINESS WILL BE AFFECTED BY CHANGES IN CONSUMER PREFERENCES DEMOGRAPHIC PATTERNS CHARACTER OF THE AREA WHERE YOUR SALON IS LOCATED WEATHER COMPETITION INFLATION RECESSION FOOD COSTS COST OF MOTOR FUELS GOVERNMENT REGULATIONS SUCH AS HEALTH CODES ZONING WAGE AND PRICE CONTROLS EMPLOYMENT AND WAGE LEVELS AND INCREASES IN OTHER OPERATING COSTS

5 MOST SALONS FOLLOW THE PRACTICE OF CHARACTERIZING THEIR MANICURISTS/PEDICURISTS AS INDEPENDENT CONTRACTORS THIS RESULTS IN LESS EMPLOYMENT TAXES WORKERS COMPENSATION INSURANCE PREMIUMS AS WELL AS REDUCING OTHER COSTS THE CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT HAS RECENTLY CHALLENGED A NUMBER OF SALONS WORKER CLASSIFICATION BY TAKING THE POSITION THAT MANICURISTS/PEDICURIST SHALL BE CLASSIFIED AS EMPLOYEES AND NOT INDEPENDENT CONTRACTORS ALTHOUGH WE HAVE SUCCESSFULLY DEFEATED THE EDD S CLAIMS THUS FAR, IT DOES NOT MEAN THAT THE EDD WILL NOT PURSUE FURTHER CLAIMS IN THE FUTURE IF IT DOES SO THE COST OF OPERATING A SALON MAY SUBSTANTIALLY INCREASE THUS REDUCING ANY POTENTIAL PROFITS WE THEREFORE MAKE NO REPRESENTATIONS REGARDING WORKER CLASSIFICATION ANY RISK OF WORKERS BEING CLASSIFIED AS EMPLOYEES VERSUS INDEPENDENT CONTRACTORS RESTS SOLELY AND EXCLUSIVELY WITH THE FRANCHISEE TO BE CLEAR FRANCHISOR TAKES NO RESPONSIBILITY OR LIABILITY AS A RESULT OF EDD AUDITS OR WORKER RECLASSIFICATION EFFORTS

6 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.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/happy-nails>