

FRANCHISE DISCLOSURE DOCUMENT

Image Studios 360 Franchise, LLC
A Utah Limited Liability Company
551 West 400 North, Suite 103
Salt Lake City, Utah 84116
(888) 785-7858 – Phone
(801) 618-4058 – Fax
info@imagestudios360.com
www.imagestudios360franchise.com



Image Studios 360 Franchise, LLC (“Image Studios 360”) offers franchises that license individual turn-key salon studios to independent salon professionals under the trade name “Image Studios 360” in a salon mall setting using our innovative build-out system.

The total investment necessary to begin operation of an Image Studios 360 salon business is \$312,700 to \$928,000. This includes \$46,000 that must be paid to the Franchisor or its Affiliate(s). For a detailed explanation of your total investment, you should consult Items 5, 6 and 7 of this Disclosure Document.

The total investment necessary to begin operation under an Image Studios 360 Development Agreement is between **\$372,700 to \$988,000**. This includes \$99,500 that must be paid to the franchisor or its affiliate(s).

This 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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor 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 Image Studios 360, at 551 West 400 North, Suite 103, Salt Lake City, UT 84116 and (888) 785-7858.

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 an 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. 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.

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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 RISKS FACTORS before you buy this franchise:

RISK FACTORS

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE ANY DISPUTES WITH US BY MANDATORY FACE-TO-FACE NEGOTIATION, NON-BINDING MEDIATION, AND ARBITRATION. THESE PROCEEDINGS TO NEGOTIATE, MEDIATE AND/OR ARBITRATE WILL TAKE PLACE IN UTAH. OUT OF STATE FACE-TO-FACE NEGOTIATION, MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO NEGOTIATE, MEDIATE AND/OR ARBITRATE WITH US IN UTAH THAN IN YOUR HOME STATE. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.

THE FRANCHISE AGREEMENT STATES THAT UTAH LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

FRANCHISE OWNERS MUST SIGN A PERSONAL GUARANTY MAKING EACH INDIVIDUAL SIGNATORY JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE.

CONTINUATION OF THE FRANCHISE AGREEMENT IS CONTINGENT UPON YOUR MAKING CONTINUING ROYALTY PAYMENTS.

THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND ITS PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

THE FRANCHISOR HAS A LIMITED FRANCHISE OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING TO MAKE THIS INVESTMENT.

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