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FRANCHISE DISCLOSURE DOCUMENT

Island
BEAUTY SUPPLY

2017 JUN 13 PM 2 51

DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

Beauty 101, LLC
a Hawaii limited liability company
445 Keawe Street, Honolulu, HI 96813
Direct Line (808) 531-4900
www.IslandBeautySupply.com
Rob@IslandBeautySupply.com

The franchise offered is for the operation of a retail store that sells hair care and beauty enhancing products, tools, accessories and equipment to customers and also to salons, spas and other businesses or professionals providing personal care services. This service-oriented business is geared towards selling a wide selection of different types and brands of hair care, beauty and personal care-related products, tools, accessories and equipment not easily available on the open market all of which is sold at our stores either individually or in complete sets, under the name "Island Beauty Supply™". The Initial Franchise Fee is \$22,500 with protected rights to operate in a specific area as defined by us. Additional franchises will be available for those franchisees who have bought at least one franchise, at a reduced fee of \$10,000 for a second and any subsequent franchises thereafter. The total investment necessary to begin operation of an Island Beauty Supply™ franchise ranges from \$210,940 to \$478,300 which will depend on a number of factors that are fully discussed in Item 7. This includes the Initial Franchise Fee of \$22,500 (as discussed in Item 5) that must be paid to the Franchisor or 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 payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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

Rob Toscano, President
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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 contracts 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, D C 20580. You can also visit the FTC's home page at [http //www ftc gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

We currently do not engage the services of franchise brokers.

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 B 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 OR ARBITRATION ONLY IN HAWAII. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH BEAUTY 101, LLC IN HAWAII THAN IN YOUR HOME STATE.
- 2) THE FRANCHISE AGREEMENT STATES THAT HAWAII LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LAWS IN YOUR STATE. YOU MAY WANT TO COMPARE THESE LAWS.
- 3) THE DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT.
- 4) WE CURRENTLY DO NOT ENGAGE THE SERVICES OF FRANCHISE BROKERS.
- 5) YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, OR OUTLETS OWNED BY US, OR OUR AFFILIATES.
- 6) WE DO NOT HAVE A FEDERAL REGISTRATION FOR ANY OF OUR TRADEMARKS. YET THEREFORE, OUR TRADEMARKS DO NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.
- 7) THE FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT WHICH ALSO PLACES THE SPOUSES PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

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