

(DEC 20 2013)

## FRANCHISE DISCLOSURE DOCUMENT



iTAN Franchising, Inc.  
 A California corporation  
 640 East Vista Way, Suite D  
 Vista, California 92084  
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 Website: [www.iTANSunsprayspa.com](http://www.iTANSunsprayspa.com)

We offer a franchise for the operation of a tanning salon (an “iTAN Salon”) that provides UV tanning, spray-on tanning and spa services (which include approved services such as Fit Bodywraps™, aqua massage, teeth whitening, hydration therapy and photo light therapy) and sells related retail items. We also offer a regional development franchise to regional developers who will (i) directly establish and operate at least one iTAN Salon within a defined development territory, and (ii) solicit, screen, recruit, develop, service and support iTAN Salon franchises within that territory.

The total investment necessary to begin operation of an iTAN Salon franchise ranges from \$326,000 to \$650,000. This includes \$43,300 to \$48,300 that must be paid to us and our affiliates.

The total investment necessary to begin operation of a regional development franchise ranges from \$414,000 to \$966,000. This includes an amount ranging from \$113,300 to \$318,300 that must be paid to us and our affiliates.

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 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 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 the franchisor at 640 East Vista Way, Suite D, Vista, California 92084 and (760) 806-7513.

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. 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 (the “FTC”). 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](http://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: April 1, 2013 (amended June 26, 2013)

## 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 REGIONAL DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE SETTLED BY MEDIATION OR LITIGATION IN CALIFORNIA. OUT-OF-STATE MEDIATION OR 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 HOME STATE**

**2 THE FRANCHISE AGREEMENT AND REGIONAL DEVELOPMENT AGREEMENT EACH STATE 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 THE FRANCHISOR IS A START-UP COMPANY THAT WAS FORMED ON APRIL 9, 2008 AND HAS ONLY JUST BEGUN TO OFFER FRANCHISES. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER TO MAKE THIS INVESTMENT**

**4 ALL FRANCHISE OWNERS AND THEIR SPOUSES MUST SIGN A GUARANTY AND ASSUMPTION OF OBLIGATIONS MAKING THE OWNERS AND THEIR SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND THEIR SPOUSE AT RISK**

**5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

**We 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 may 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 April 11, 2013 (amended \_\_\_\_\_, 2013)

*Initial On-Site Training*

We may, but need not, provide up to 5 days of on-site training in your Development Territory with respect to the performance of your duties under the RD Agreement, including assisting you with your first “discovery day” and assisting you with providing the pre-opening support to the first franchisee that you recruit. Our determination of whether to provide the on-site training will be based upon our subjective assessment of your prior experience and qualifications. The specific timing for this on-site training varies depending on when you hold your first discovery day and when you recruit your first franchisee. We will provide the on-site training on an “as-needed” basis.

The regional developer training program currently consists of the following

**TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Introduction	1	0	Vista, California
Project Development	3	0	Vista, California
Franchise Development and Franchise Recruitment	8	0	Vista, California
Administration	2	0	Vista, California
General Reference	4	0	Vista, California
<b>Total</b>	<b>18</b>	<b>0</b>	

*Instructors*

The primary instructors will be Faraje Kharsa and Suzie Hunter (each discussed above). We also use other individuals to assist us with certain topics, such as project development and franchise development. Currently, we anticipate these individuals ~~this~~ will include ~~Jack Eberenz and Dan Warshawsky—Jack Eberenz began working with iTAN in 2012 and Dan Warshawsky, who began working with iTAN in 2008. Mr. Eberenz is an independent franchise consultant who has more than 31 years of experience in the franchise industry in a number of different capacities, including as a franchisor.~~ Mr. Warshawsky is a franchise lawyer who works with the law firm of Warshawsky Seltzer, PLLC. He has 10 years of experience in the field of franchise law.

*Ongoing Training*

From time to time, we may provide periodic refresher or advanced training programs for regional developers. Attendance at these training programs is mandatory, but we will not require that your owners or employees attend more than 75% of the training programs we offer during any calendar year (assuming we hold more than 1 training program). You may also request that we provide on-site training from time to time, although we are not obligated to do so.

*Training Costs and Fees*

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