

FRANCHISE DISCLOSURE DOCUMENT



Party Princess International LLC a Colorado limited liability company 1420 N. Batavia St. Orange, California 92867 Telephone: (949) 245-7700 Email: franchise@partyprincessproductions.com Website: http://partyprincessproductions.com

We offer *Party Princess Productions* franchises. As a franchisee, you will operate a *Party Princess Productions* business specializing in costumed character rentals for children's birthday parties, corporate venues and other events according to the terms, conditions, methods, and system standards indicated in the Franchise Agreement and corresponding operations manual.

The total investment necessary to begin operation of a *Party Princess Productions* franchised business is from \$182,520 to \$526,000 if you acquire between three and thirteen territories. This includes \$170,500 to \$465,500 that must be paid to the franchisor or an affiliate. This estimate may decrease or increase if you acquire less than three territories or more than thirteen territories.

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 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 Party Princess International LLC, 1420 N. Batavia St., Orange, California 92867, and (949) 245-7700.

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 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 "<u>A Consumer's Guide to Buying a</u> 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 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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Not for use in: MD and WA



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 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 <u>Attachment J</u> 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 ARBITRATION OR LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE 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. BEGINNING WITH THE FOURTH FULL MONTH AFTER YOU SIGN THE FRANCHISE AGREEMENT, YOU MUST CONDUCT A MINIMUM OF 40 PARTY PRINCESS PRODUCTIONS PARTIES DURING EACH CALENDAR MONTH. IF DURING ANY 12-MONTH PERIOD, YOU FAIL TO MEET THE MINIMUM REQUIREMENT FOR SIX OR MORE MONTHS, YOU WILL BE IN DEFAULT OF YOUR FRANCHISE AGREEMENT AND WE MAY TERMINATE THE FRANCHISE AGREEMENT IMMEDIATELY UPON NOTICE TO YOU AND YOU WILL LOSE YOUR INVESTMENT.

4. OUR FINANCIAL CONDITION, AS REFLECTED IN OUR FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION OUR FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

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 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.



STATE EFFECTIVE DATES

The Effective Dates of this Disclosure Document for the following states are:

California: August 14, 2018 Hawaii: July 31, 2018 August 20, 2018 Illinois: July 24, 2018 Indiana: July 27, 2018 Minnesota: New York: October 16, 2018 North Dakota: August 21, 2018 Rhode Island: July 24, 2018 South Dakota: July 30, 2018 Virginia: August 24, 2018 Wisconsin: July 24, 2018

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