

FRANCHISE DISCLOSURE DOCUMENT

PHENIX SALON SUITES FRANCHISING, LLC
A Colorado Limited Liability Company
662 Encinitas Blvd., Suite 248, Encinitas, CA 92024
(719) 785-4858 / phenixsalonsuites.com / jrivera@phenixsalonsuites.com



As a franchisee, you operate a PHENIX SALON SUITES® business that develops fully equipped luxury suites and licenses such suites to independent salon and other business professionals under the PHENIX SALON SUITES® mark and that, at your option, operates a Phenix Salon Store at the salon that sells Phenix Salon proprietary and private label products and other merchandise.

You may also enter into a Development Agreement with us whereby you will develop and operate two or more PHENIX SALON SUITES® locations.

The total investment necessary to begin operation of a single PHENIX SALON SUITES® franchised business ranges from \$299,425 to \$1,394,550. This includes \$44,545 to \$82,810 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operations under a Development Agreement includes a development fee that must be paid to the franchisor. The development fee is \$30,000 for each location to be developed and depends upon the number of locations to be developed. For the development of three locations, with the first location developed within three months, the total investment necessary to begin operations under a Development Agreement ranges from \$419,425 to \$1,514,550. This includes \$130,545 to \$146,810 that must be paid to the franchisor or an affiliate. If more than three locations will be developed under the Development Agreement, the total investment necessary to begin operations under the Development Agreement and the amount that must be paid to the franchisor or an affiliate will increase by \$30,000 for each additional location.

This disclosure document summarizes certain provisions of your franchise agreement, development 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 company 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 Franchise Administration Department at PHENIX SALON SUITES FRANCHISING LLC, 662 Encinitas Blvd., Suite 248, Encinitas, CA 92024, (719) 785-4858, jrivera@phenixsalonsuites.com.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your complete contract carefully. Show your contract and this disclosure document to an advisor, such as an attorney or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make your decision. 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 on franchising. 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 RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN COLORADO. 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 COLORADO THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT PROVIDES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MANY WANT TO COMPARE THESE LAWS.
3. THE LENGTH OF THE FRANCHISE TERM IS COTERMINOUS WITH THE TERM OF YOUR LEASE. THE FRANCHISE AGREEMENT PROVIDES THAT, AFTER TEN (10) YEARS, THE FRANCHISOR HAS THE RIGHT TO UNILATERALLY MODIFY OR AMEND THE FRANCHISE AGREEMENT IN ORDER TO CONFORM ITS PROVISIONS TO THE CURRENT FORM OF FRANCHISE AGREEMENT OFFERED BY FRANCHISOR AT THAT TIME, WHICH MAY BE MATERIALLY DIFFERENT FROM THE TERMS AND PROVISIONS OF THE FRANCHISE AGREEMENT.
4. 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.

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