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PREP

FRANCHISE DISCLOSURE DOCUMENT

PREP Franchise, LLC
a Delaware Limited Liability Company
2310 Canyon Lakes Drive
San Ramon, California 94582
(415) 763-7737
www.prepcuts.com

A *PREP* franchisee will operate an upscale hair styling studio specializing customers between the ages of 6 and 18, although its services can be provided to people of any age

The total investment to begin operation of a *PREP* salon is \$240,850 to \$524,500, which includes an initial franchise fee that must be paid to the franchisor. The initial franchise fee for a single *PREP* salon is \$25,000. The initial franchise fees for the purchase of multiple *PREP* salons are \$25,000 for the first salon and \$18,750 for each additional *PREP* salon purchased as part of your initial transaction. Once you are an existing *PREP* franchisee, if you desire to purchase a franchise for an additional *PREP* salon, the initial franchise fee for each additional *PREP* salon will be equal to 75% of the then-current single *PREP* salon franchise fee.

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, please contact Marius Morf at the above address and telephone number.

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 "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 also may be laws on franchising in your state Ask your state agencies about them

Issuance Date March 1, 2018

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 CERTIFIED 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 THAT MEDIATION AND LITIGATION OF DISPUTES TAKE PLACE ONLY IN WHERE THE FRANCHISOR'S PRINCIPAL OFFICE IS LOCATED OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE**
- 2 **THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS**
- 3 **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**
- 4 **THIS NEW FRANCHISOR HAS BEEN IN BUSINESS FOR SUCH A SHORT PERIOD OF TIME THAT ITS FRANCHISES ARE A HIGHER RISK INVESTMENT THAN FRANCHISORS WITH A LONGER-TERM OPERATING HISTORY**

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates In all other states the effective date is the issuance date of March 1, 2018

<u>State</u>	<u>Effective Date</u>
California	Pending

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