

FRANCHISE DISCLOSURE DOCUMENT



J 'N C Real Estate Development, LLC
a Texas limited liability company
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We offer qualified individuals and entities a franchise for the right to independently own and operate a business that offers and provides high-end retail space to beauty and wellness practitioners from which to provide their respective services utilizing the mark SALONS BY JC and our proprietary business system (each a “Franchised Business” or “Facility”). We also offer qualified parties the right to own and operate multiple Franchised Businesses within a development area. The total investment necessary to begin operation under a development agreement depends on the number of Franchised Businesses we grant you the right to open.

The total investment necessary to begin operation of a single Salons by JC franchise ranges from \$550,600 to \$1,024,100. This includes \$50,000 that must be paid to the franchisor or affiliate.

The total investment necessary to operate multiple Facilities under our form of area development agreement depends on (a) the number of franchises we grant you the right to open, and (b) whether or not you are granted any territorial rights within the geographical area wherein you must develop each Facility. By way of example, the total investment necessary to open and operate: (i) two (2) Facilities within a non-exclusive designated marketing area (or “DMA”) is \$575,600 to \$1,099,100, including a \$75,000 development fee payable to us; and (ii) three (3) Facilities within a development area wherein you will have certain territorial rights provided you comply with your development and other obligations (the “Development Area”) is \$625,600 to \$1,149,100, including a \$125,000 development fee payable to us. Each of the foregoing total investment ranges also includes the initial investment associated with opening and commencing operation your Initial Studio within the DMA or Development Area, as applicable, at issue.

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 Drew Johnston at 2511 N. Loop 1604W, Suite 100, San Antonio, Texas 78258 and (210) 314-3126.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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-FTCHELP 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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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 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 AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION (AT OUR OPTION) OR LITIGATION ONLY IN TEXAS. OUT OF STATE MEDIATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT TEXAS 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. YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THIS GUARANTY PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 4 . 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 make sure to do your own investigation of the franchise.

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