

2011

FRANCHISE

DISCLOSURE DOCUMENT

FOR





FRANCHISE DISCLOSURE DOCUMENT

SOLA FRANCHISE CORPORATION

a Colorado Corporation
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Sola Franchise Corporation (“Sola”) offers franchises to operate a business for providing a unique system of build-out and lease of turn-key salon studios to salon professionals designed by Sola under the trade name Sola Salon Studios.

The total investment necessary to begin operation is \$657,000 to \$1,452,000. This includes the franchise fee of \$35,000 that must be paid to the franchisor or its affiliate.

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 the 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 Matt Briger, at 235 Fillmore St., Suite 210, Denver, Colorado 80206; and (303)-377-7652.

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 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 F 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 RISKS FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE ANY DISPUTES WITH US BY MANDATORY FACE-TO-FACE NEGOTIATION, NON-BINDING MEDIATION, AND ARBITRATION. THESE PROCEEDINGS TO NEGOTIATE, MEDIATE AND/OR ARBITRATE WILL TAKE PLACE IN COLORADO. OUT OF STATE FACE-TO-FACE NEGOTIATION, MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO NEGOTIATE, MEDIATE AND/OR ARBITRATE WITH US IN COLORADO THAN IN YOUR HOME STATE. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.

2. YOU WAIVE YOUR RIGHTS TO A JURY TRIAL, AS WELL AS TO A TRIAL BEFORE A JUDGE IN A COURT OF LAW, YOU GENERALLY WAIVE YOUR RIGHT TO APPEAL AN ARBITRATION AWARD (EXCEPT TO A 3 ARBITRATOR APPEAL PANEL) AND MAY BE GIVING UP RIGHTS TO CERTAIN PRE-TRIAL DISCOVERY, AS WELL AS GIVING UP RIGHTS REGARDING CERTAIN CLASS ACTIONS. THE FRANCHISE AGREEMENT ALSO CONTAINS A LIMITATION ON THE TYPES AND AMOUNTS OF DAMAGES RECOVERABLE BY YOU OR US, REQUIRES YOU TO GIVE US NOTICE OF AND OPPORTUNITY TO CURE, DEFAULTS BY US AND PROVIDES FOR A PERIOD OF TIME IN WHICH YOU OR WE CAN BRING CLAIMS WHICH MAY BE SHORTER THAN THAT PROVIDED BY APPLICABLE LAW.

3. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

4. THE POSSIBLE SUCCESS OF YOUR SOLA FRANCHISE MAY BE DEPENDENT ON THE LOCATION OR AREA YOU CHOOSE, THE LOCAL MARKET FOR THE PRODUCTS AND SERVICES OFFERED, COMPETITION AND OTHER FACTORS. THESE FACTORS, ALONG WITH YOUR OWN BUSINESS ABILITY

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