

FRANCHISE DISCLOSURE DOCUMENT

STC Franchising, LLC
(A Kentucky Limited Liability Company)
101 Catalog Drive Elizabethtown, Kentucky 42701
(855) 727-2684
jeff@suntancity.com
beth.edelen@suntancity.com
www.suntancity.com



The franchise offered is a tanning salon featuring tanning services, tanning equipment, skin care products and beauty products, together with related services, products, merchandise, and accessories.

The total investment necessary to begin operation of a **SUN TAN CITY**[®] franchise is \$452,299 to \$777,539, not including real estate costs. This includes \$30,000 for the initial franchise fee and \$7,000 - \$10,000 for computer hardware, software and peripherals that must be paid to the franchisor or its affiliate for a newly constructed location. If you sign an area development agreement, you will also pay a development fee equal to 100% of the initial franchise fee of \$30,000 for the first location and \$10,000 for each additional location to be developed under the area development agreement. The minimum number of franchise locations that you must open pursuant to the area development agreement will be mutually agreed upon by you and us. The portion of the development fee allocable to each location will be credited against the initial franchise fee due for that location. The initial franchise fee may be reduced for the conversion of an existing salon to a **SUN TAN CITY**[®] salon.

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 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 to you. To discuss the availability of disclosures in different formats, contact Beth Edelen at beth.edelen@suntancity.com and (855) 727-2684.

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 contracts carefully. Show your contracts 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 “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.

RISK FACTORS

Please consider the following RISK FACTORS before you buy this franchise:

THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION IN LOUISVILLE, KENTUCKY. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN KENTUCKY THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT STATE THAT KENTUCKY 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.

YOUR SPOUSE MAY BE REQUIRED TO SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE’S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

PLEASE NOTE THAT 47.1% OF THE FRANCHISOR’S ASSETS ARE INTANGIBLE. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

SEE CHART BELOW FOR REGISTRATION EFFECTIVE DATES.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this disclosure document. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the State Administrator listed on Exhibit “A”.

See Exhibit “F” to this disclosure document for information, notices or provisions that may apply to your specific state.

REGISTRATION 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 and Wisconsin.

The 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:

STATE	EFFECTIVE DATE
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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