

FRANCHISE DISCLOSURE DOCUMENT The Great American Barbershop Franchise, Inc. 1952 N. Mcarthur Avenue, Clovis, CA 93619 a California Corporation 707-410-8433

<u>Franchise@thegreatamericanbarbershop.com</u> www.thegreatamericanbarbershop.com

THE GREAT AMERICAN BARBERSHOP ®

You will receive a franchise from The Great American Barbershop Franchise, Inc. ("The Great American Barbershop"). It will authorize you to operate one or more The Great American Barbershop Franchise shop ("Shops") which feature precision high-quality men's haircuts and shaves using a proprietary method developed by the founder of The Great American Barbershop. We offer area development franchises for the rights to open multiple The Great American Barbershop Shop in a designated area or areas. We primarily offer single Shop franchises but we may offer multiple Shop franchises in certain circumstances.

The estimated total investment necessary to begin operations for a The Great American Barbershop franchise ranges from \$175,500 to \$297,000 excluding land or lease. This includes \$35,000 that must be paid to the franchisor as franchise fee. In the case of an area developer, the estimated initial investment for the area developer ranges from \$496,500 to \$861,000 based on the development of three Shops, including the franchise fee to be paid to the Franchisor. The franchise fee for an area developer is \$75,000, including \$35,000 for the first Shop, and \$20,000 each for the next two Shops. Your estimated initial investment as an area developer will vary based on the total number of Shops.

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 authority 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 Mr. Martin Stein at 1952 N. Mcarthur Avenue, Clovis, CA 93619; Phone number: 707-410-8433.

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 an attorney 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, 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 THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state administrators listed in Exhibit A for information about the franchisor, about other franchisors, 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 purchase the franchise summarized in this Franchise Disclosure Document:

- (1) THE FRANCHISE TERRITORY IS NOT EXCLUSIVE.
- (2) THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR MEDIATION. OUT-OF-STATE ARBITRATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY COST YOU MORE TO ARBITRATE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
- (3) THE FRANCHISE AGREEMENT REQUIRES THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT SHALL BE BROUGHT WITHIN THE STATE OF CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE IN CALIFORNIA THAN IN YOUR HOME STATE. THIS PROVISION IS SUPERSEDED BY CERTAIN STATE LAWS.
- (4) THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
- (5) THE FRANCHISE AGREEMENT PROVIDES THAT LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT, AND THE LAWS OF THE STATE OF CALIFORNIA MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAW OF YOUR STATE OF RESIDENCE. YOU ARE ENCOURAGED TO COMPARE THESE LAWS AND DISCUSS THE DIFFERENCES WITH YOUR ATTORNEY.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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