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FRANCHISE DISCLOSURE DOCUMENT
Salon Professional Education Company, LLC
(A North Dakota Limited Liability Company)
4377 15th Avenue South, Fargo, ND 58103
Telephone Number: 888-478-6856
www.SPECfranchise.com
JKrahn@SPECfranchise.com

Salon Professional Education Company, LLC, doing business as SPEC, offers franchisees the right to establish and operate a distinctive beauty school for training students in hairstyling, cosmetology, esthetics, barbering, nails and/or massage under one of the following school brands that you select *The Salon Professional Academy* ("TSPA") or *Elevate Salon Institute* ("ESI") All brands are operated under our service mark *SPEC* The Franchise System's distinguishing characteristics include uniform standards and procedures for business operations, ongoing training in the operation, management, and promotion of the franchised business, advertising and promotional programs, quality education facilities, customer development and service techniques, student recruiting and development, and other technical assistance

The total investment necessary to open and operate a new beauty school is \$680,000 to \$1,124,000 for our smaller model and \$745,000 to \$1,466,000 for our base model This includes \$45,000 paid as an initial franchise fee to the franchisor This applies regardless of the service mark you may choose for operating your franchise The total investment necessary to convert an existing beauty school is \$163,500 to \$692,500 This also includes the \$45,000 paid as an initial franchise fee to the franchisor, and applies regardless of the service mark you may choose for operating your franchise

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 Jill Krahn at SPEC, 4377 15th Avenue South, Fargo, ND 58103, 888-478-6856, or JKrahn@SPECfranchise.com

The terms of your contract will govern your franchise relationship Do not 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, 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.

The date of issuance of this disclosure document is April 24, 2019, as amended on, April 30, 2019.

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 on Exhibit D 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 YOU MUST RESOLVE DISPUTES WITH US BY AN INFORMAL MEETING, ARBITRATION OR LITIGATION IN NORTH DAKOTA OUT OF STATE MEETING, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO SETTLE, BRING AN ARBITRATION CLAIM OR SUE US IN NORTH DAKOTA THAN IN YOUR HOME STATE**
- 2 THE FRANCHISE AGREEMENT STATES THAT NORTH DAKOTA LAW GOVERNS THE AGREEMENT, EXCEPT TO THE EXTENT THAT THE LANHAM ACT OR FEDERAL ARBITRATION ACT GOVERNS NORTH DAKOTA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS**
- 3 THE PARTIES WAIVE THEIR RIGHT TO A JURY TRIAL WITH RESPECT TO DISPUTES RELATING TO THE FRANCHISE AGREEMENT**
- 4 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY REGARDING PRIMARY TRADEMARKS DIFFERENT THEN YOUR OWN AND MAY FACE COMPETITION FROM US AND OTHER FRANCHISEES WHO OPERATE BEAUTY SCHOOLS UNDER PRIMARY TRADEMARKS DIFFERENT THAN YOURS BOTH WITHIN AND OUTSIDE YOUR PROTECTED TERRITORY**
- 5 A FRANCHISEE'S INITIAL INVESTMENT FROM \$680,000 TO \$1,124,000 FOR A NEW BEAUTY SCHOOL EXCEEDS THE FRANCHISOR'S MEMBERS' EQUITY AS OF DECEMBER 31, 2018 OF \$548,063 A PROSPECTIVE FRANCHISEE SHOULD REFER TO THE FINANCIAL STATEMENTS FOR COMPLETE DETAILS**
- 6 STARTING IN THE SIXTH FULL CALENDAR MONTH AFTER YOU SIGN THE FRANCHISE AGREEMENT, YOU MUST PAY US A MINIMUM MONTHLY ROYALTY FEE OF \$1,500 EVEN IF YOU HAVE NO INCOME**
- 7 DEPENDING ON THE TRADEMARK YOU SELECT FOR YOUR FRANCHISED BUSINESS, THE TRADEMARK MAY NOT YET HAVE FEDERAL REGISTRATION, WHICH MEANS IT DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES**
- 8 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE INCLUDING (1) QUALIFYING, AND MAINTAINING THE QUALIFICATION OF, YOUR SCHOOL TO RECEIVE FINANCIAL AID FOR ITS STUDENTS, (2) INDIVIDUAL STATES MAINTAINING LICENSURE REQUIREMENTS THAT MANDATE FORMAL EDUCATION TO PROVIDE SALON SERVICES, (3) ENSURING THAT STUDENTS WHO**

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