

## FRANCHISE DISCLOSURE DOCUMENT

# HOUSE OF COLOUR

**House of Colour USA, Inc.**

a Virginia Corporation

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United Kingdom

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[www.HouseofColour.com](http://www.HouseofColour.com)

House of Colour businesses provide personal stylist, image consultant, and color analysis and related services to the general public in-person and online within a specified territory (“House of Colour Business(es)”).

The total investment necessary to begin operation of a House of Colour franchised business is between ~~\$26,345~~\$27,845 and ~~\$41,250~~\$57,700. This includes \$24,500 to ~~\$36,000~~\$500 that must be paid to the franchisor or its affiliate(s).

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 payments 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 Erin Olson, House of Colour USA, Inc., 7 Bell Yard, London, WC2A 2JR, United Kingdom; +44 1923 211188; [Franchise@HouseofColour.com](mailto:Franchise@HouseofColour.com).

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](http://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.

**Issuance Date: August 8, 2024**

reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology.

The Technology Fee currently includes the cost of our email marketing supplier's services. We also reserve the right to create proprietary software or technology that must be used by House of Colour franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in changes to the Technology Fee.

8. **Taxes.** You must reimburse us for all sales, excise, trademark, franchise, value-added, or similar taxes imposed on us in collecting any fees or payments required under the Franchise Agreement. This requirement does not apply to any income tax or any optional alternative to an income tax imposed on us.
9. **Late Fee and Interest.** If any payment is received by us more than 15 days past due or if an audit of your books discloses that you have underpaid us by three percent (3%) or more in any month, you must pay to us immediately on demand, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the lesser of one and one-half percent (1.5%) per month or the maximum rate permitted by law.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$24,500	\$24,500	Lump sum	When you sign the Franchise Agreement	Us
Pre-Opening Marketing <sup>(2)</sup>	\$1,500	\$5,000	As incurred	As incurred	Vendors
Training Expenses <sup>(3)</sup>	\$500	\$15,000	As incurred	As incurred	Providers of Travel, Lodging, and Food Services and Us
Insurance <sup>(4)</sup>	\$350	\$1,000	As incurred	Before opening	Vendors
Licenses <sup>(5)</sup>	\$50	\$250	As incurred	Before opening and according to statute or ordinance	Government Agencies
Computers, Software, Office Equipment, Phones <sup>(6)</sup>	\$500	\$2,750	As incurred	Before opening and as arranged	Vendors, Utility Providers
Professional Fees <sup>(7)</sup>	\$0	\$4,500	As incurred	Before opening	Lawyer, accountant or other professionals
Office Supplies, Stationery <sup>(8)</sup>	\$100	\$1,200	As incurred	As incurred	Vendors

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Additional Funds – 3 Months <sup>(9)</sup>	\$345	\$3,500	As incurred	As incurred	Employees, Vendors, Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT	\$26,945 <u>27,845</u>	\$45 <u>57,700</u>			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your House of Colour Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and are non-refundable under any circumstances once paid, except for the Initial Franchise Fee as described in Item 5. All expenses payable to third parties are non-refundable, depending on their policies or your arrangements with them.

1. Initial Franchise Fee. The Initial Franchise Fee is payment for the pre-opening assistance, including initial training, equipment and inventory that we provide to you to allow you to open your House of Colour Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee includes a package of initial equipment and inventory that you will use in the operation of your House of Colour Business. The contents of this package may change from time to time in our sole discretion. The Initial Franchise Fee is fully earned by us once paid and is non-refundable except as described in Item 5.
2. Pre-Opening Advertising. You must conduct a pre-opening advertising program. We will consult with you regarding the program. You must spend between \$500 and \$2,500, for the pre-opening advertising program, which includes your time.
3. Training Expenses. The estimate includes costs for travel and living expenses for one person while training. Training generally is conducted virtually and in the Des Moines, Iowa, or another location we determine, but may also be conducted at a location more convenient to the majority of the attendees at a scheduled training session or online. If you wish to have any other individuals trained by us, you must pay an additional \$12,000 fee per person. The high range of this estimate assumes you pay for training one additional person. See Items 6 and 11.
4. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of a House of Colour Business, your rates may be significantly higher than those estimated above.
5. Licenses. You must obtain the licenses and permits that are required (if any) to occupy the premises (if any) and operate the House of Colour Business at your location and in your jurisdiction. The nature and amounts of these licenses will depend on the local laws, rules and ordinances in your jurisdiction.
6. Computers, Software, Office Equipment, Phones. See Item 11 for the required computer and related equipment. The low estimate assumes you currently own this equipment. The high estimate assumes you will need to purchase these items.

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email	Outlets Operated
Rowen	Teresa	N/A	3403 NW 174th St.	Clive	IA	50325	5159118665	teresa.rowen@houseofcolour.com	NE: 2
Mart	Jade	Jade Marie Co LLC	565 Clarke Dr.	Dubuque	IA	52001	4024907977	jade.marie@houseofcolour.com	IA: 1
Wordekemper	Sara	Sara Wordekemper LLC	227 S Main Street	Templeton	IA	51463	N/A	sara.wordekemper@houseofcolour.com	IA: 1
Barfield Hagedorn	Claire	C B Style LLC	264 West Goldfinch Drive	Tiffin	IA	52340	5155370672	claire.barfield@houseofcolour.com	IA: 1
Strope	Elizabeth	BStrope Color LLC	6121 S 25th St.	Lincoln	NE	68512	4022022061	betsy.strope@houseofcolour.com	NE: 1
Turner	Morgan	Fashioned Beautifully LLC	3930 E 110th St	Tulsa	OK	74137	9183619655	morgan.turner@houseofcolour.com	OK: 1
Westermann	Randa	N/A	3212 Stonefield	The Colony	TX	75056	4699801216	randa.westermann@houseofcolour.com	TX: 1

Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 6 of the FDD and Section 14.5 of the Franchise Agreement is hereby amended to limit the Non-Sufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
6. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
7. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
8. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.