FRANCHISE DISCLOSURE DOCUMENT

Image Studios 360 Franchise, LLC
A Utah Limited Liability Company
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Salt Lake City, Utah 84116
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Image Studios 360 Franchise, LLC ("Image Studios 360") offers franchises that license individual turn-key salon studios to independent salon professionals under the trade name "Image Studios 360" in a salon mall setting using our innovative build-out system.

The total investment necessary to begin operation of an Image Studios 360 salon business is $312,700 to $928,000. This includes $46,000 that must be paid to the Franchisor or its Affiliate(s). For a detailed explanation of your total investment, you should consult Items 5, 6 and 7 of this Disclosure Document.

The total investment necessary to begin operation under an Image Studios 360 Development Agreement is between **$372,700 to $988,000**. This includes $99,500 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 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 Image Studios 360, at 551 West 400 North, Suite 103, Salt Lake City, UT 84116 and (888) 785-7858.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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.

Issuance Date: April 19, 2017

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.

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

<u>RISK FACTORS</u>

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 UTAH. 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 UTAH 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.

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

FRANCHISE OWNERS MUST SIGN A PERSONAL GUARANTY MAKING EACH INDIVIDUAL SIGNATORY JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE.

CONTINUATION OF THE FRANCHISE AGREEMENT IS CONTINGENT UPON YOUR MAKING CONTINUING ROYALTY PAYMENTS.

THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND ITS PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

THE FRANCHISOR HAS A LIMITED FRANCHISE OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING TO MAKE THIS INVESTMENT.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchises. A franchise broker or referral source represents us, not you. You should make sure to do your own investigation of the franchise.

Effective Date: April 19, 2017

THESE PROVISIONS MAY BE SUPERSEDED BY CERTAIN STATE LAWS. SEE STATE ADDENDA IN EXHIBIT G FOR A SUMMARY OF SOME OF THESE LAWS.

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EXHIBITS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we", "us", "Image Studios 360", or "Franchisor" means Image Studios 360 Franchise, LLC. "You" means the person or entity that buys the franchise (the "Franchisee"). If an entity is the Franchisee, "you" includes the Franchisee's individual owners.

The Franchisor, any Parents, Predecessors and Affiliates

Image Studios 360 Franchise, LLC is a Utah limited liability company that was formed on September 11, 2014. Image Studios 360 does business under the name "Image Studios 360." Our principal business address is 551 West 400 North, Suite 103, Salt Lake City, Utah 84116. Our agents for services of process in the states where we do business or plan on doing business are listed on Exhibit A to this Disclosure Document. We have been offering franchises since the effective date of this Disclosure Document. We have never offered franchises in any other line of business. Image Studios 360 is not engaged in any other type of business activity.

Image Studios 360 Franchise, LLC has no parent companies or predecessors.

We currently have two Affiliates. Destination Suites, LLC is a Utah limited liability company that was formed on October 28, 2009. It is the owner of the Image Studios 360 Fort Union salon located in Midvale, Utah. Destination Suites South Jordan, LLC is a Utah limited liability company that was formed on July 2, 2014. It is the owner of Image Studios 360 South Jordan salon located in South Jordan, Utah. The principal business address of all of our Affiliates is 551 West 400 North, Suite 103, Salt Lake City, Utah 84116. Image Studios 360 has no other Affiliates currently in operation We have not operated Image Studios 360 salons, but our Affiliates currently operate two locations in Utah which are similar to the franchise being offered to you. The South Jordan location has been in operation since August 2013, and our Fort Union location has been in operation since June 1, 2014.

Description of the Franchise

We offer franchises for Image Studios 360 Salons in accordance with the terms of our Image Studios 360 Franchise Agreement (the "Franchise Agreement"). A copy of the most recent Franchise Agreement is attached to this Disclosure Document as Exhibit C. If you enter into an Image Studios 360 Franchise Agreement, you will be trained and authorized to operate an Image Studios 360 Salon using the Marks according to our system standards, featuring individual turn-key salon studios in a salon mall setting using our innovative build-out system and methods of operation, marketing and promotion (collectively the "System"). We reserve the right to change or otherwise modify the System and add, modify, or delete any of our designs, lease processes, or services at any time in our sole discretion. You will operate your salon at, and only at, a location approved by us, and you will not receive any guaranteed territory outside of the Protected Area, or any exclusive rights for operation of an Image Studios 360 Salon at any other location or within any other territory.

Throughout this document, your franchise business will also be referred to as your "Salon" or your "Location." As a franchisee, you will typically purchase or lease existing building space ranging from 3,500 to 9,000 square feet and convert or remodel the purchased or leased space into individual size salon studios that are typically 10 feet by 12 feet in size. These individual studios are then leased to independent salon professionals. As a franchisee, you will provide general salon management, maintenance inside the studios and common areas, wireless internet, some marketing/branding and a webpage for each salon professional in our online salon directory, organizing social events for the salon professionals at your location, educating and training your salon professionals on how to use the technology we have put together to assist them in running their salon business, and providing them information and follow up with each salon professional about our marketing programs and tools how they can participate in them. Each salon professional is a tenant of yours who is an independent contractor and will be responsible to schedule their own appointments and operate their individual salons.

We also offer, to qualified applicants, the opportunity to develop additional units by purchasing the right to develop two (2) additional franchises at the time you sign your first Franchise Agreement. You will be required to sign a Development Agreement ("DA") at the same time you execute the Initial Franchise Agreement and you will be required to develop these additional units within a fixed time period. (See Exhibit D of the DA) You must sign our then-current franchise agreement for each additional unit opened under the terms of the DA. These franchise agreements may not be the same as the initial Franchise Agreement that you will sign.

We also may offer franchises for Image Studios 360 Salons in foreign countries. We anticipate that master franchise relationships will be established and that the financial terms and the nature and scope of the master franchise relationship will be negotiated.

The Market and Competition

The services offered by an Image Studios 360 franchise are intended primarily for salon professions, such as hair stylists, nail techs, massage therapists and estheticians. You will be competing with other businesses including franchised operations, national chains, and independently owned companies offering similar services. The market for a salon mall business is well-established and highly competitive, with existing franchise systems being our largest competitors. You will also face other normal business risks that could have an adverse effect on your Franchise. These may include industry developments, such as pricing policies of competitors, and supply and demand of salon studio space.

As a franchisee, you are subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your Image Studios 360 Franchise to determine all legal requirements and consider their effects on you and cost of compliance. It is solely your responsibility, to investigate, satisfy and remain in compliance, throughout the term(s) of your Franchise Agreement(s), with all local, state and federal laws, since they vary from place to place and can change over time.

The federal government and many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your business, such as the Americans With Disabilities Act, Federal Wage and Hourly Laws and the Occupational Safety and Health Act. For example, some states may also have real estate rental laws that govern the rental of space in your Salon. Your Salon must also comply with various health standards and regulations. You must also comply with laws that apply generally to all businesses. You should investigate these laws thoroughly.

ITEM 2. BUSINESS EXPERIENCE

Founder and President: Jason Olsen

Mr. Olsen is the Founder and President of Image Studios 360. He has been our President since September 2014. Mr. Olsen has also been the Founder of our Affiliate, Destination Suites, LLC, since October 23, 2009 and is also the Co-Founder of Destination Suites South Jordan, LLC since July 2, 2014. He serves as Co-Owner and Vice President of Prestman Auto, an independent car dealership in Salt Lake City, Utah and Lindon, Utah. He is also co-owner of an architecture firm, J&T Architecture since January 2016.

Founder and Vice-President: Shaun Olsen

Mr. Olsen is the Founder and Vice-President of Image Studios 360. He has been our Vice-President since September 2014. Mr. Olsen has also been the Vice-President of our Affiliate, Destination Suites, since October 23, 2009 and has developed four salons during that time. Since 2004, Mr. Olsen has been the Co-Owner and Secretary of Prestman Auto, an independent car dealership in Salt Lake City, Utah and Lindon, Utah. Shaun Olsen and Jason Olsen are brothers.

Chief Operating Officer: Tonia Scalzotto

Ms. Scalzotto joined us as Chief Operating Officer in March 2017. From July 2015 through March 2017, she served as Senior Director of Development for Seva Beauty, LLC., a fast-casual salon franchise headquartered in Chicago, IL. Ms. Scalzotto was the Director of Franchise Development and Real Estate for Intelligent Office, Inc., an executive suite franchise company from October 2013 through July 2015. Prior to that, from April 2004 to August 2013, Ms. Scalzotto was President of Avocado Mexican Grill, a hospitality franchise company based out of Vicenza, Italy.

Director of Franchise Operations: **Ariana Speirs**

Ms. Speirs has been our Director of Franchise Operations at Image Studios 360 for over a year now. In addition to Image Studios 360, Ms. Speirs has worked with other franchise brands since November 2014 and also worked as the CMO for a restaurant brand Wing Nutz, LLC since November 2014. Prior to Wing Nutz, Ms. Speirs was also the Director of Operations and Sr. Account Executive for the US offices of Poken, Inc. an NFC Event Technology Company headquartered in Lausanne, Switzerland from Feb. 2011 to December of 2014. Prior to Poken, Ms. Speirs was Co-Owner of Fashion Revolution, a clothing boutique company from 2008-2011.

Director of Franchise Development: Jason Chodash

Mr. Chodash Joined us as Director of Franchise Development in April 2017. He has more than 10 years of franchise experience. He was the President and VP of Franchise Development for Tossed Franchise Corporation from December 2010 to December 2015. Mr. Chodash was a Senior Brand Ambassador for Seva Beauty from December 2015 to February 2017. Jason also has a deep working knowledge of franchise marketing, operations, real estate and law.

Training & Development Coordinator: Kori Laurel

Ms. Laurel has been our Training & Development Coordinator since October 2016. In addition to Image Studios 360, Ms. Laurel has worked as a project manager for Super Top Secret Ad Agency in 2011 and the Director of Community Relations with Presto Print in 2014. She also is a freelance project manager and has worked with major brands such as CrossFit, Reebok, ESPN, Fox Searchlight movies, and Victoria's Secret Pink HQ. In addition to her project management skills, Kori has also coordinated numerous events for the CrossFit and Lululemon community.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Franchise Fee

The Initial Franchise Fee is $39,500 and is due and payable when you sign the Franchise Agreement (the "Franchise Fee"). The Franchise Fee is payment to us for the right to use the Image Studios 360 Marks and System in the development and operation of your Salon. The Franchise Fee also covers the cost of certain services that we and/or our Affiliates may provide to you before your location opens, such as prototypical plans, marketing materials and training. This Franchise Fee is fully earned upon payment and is non-refundable.

Site Development Administration Fee

In addition to the Initial Franchise Fee paid to us, you must pay us a " **Site Development Administration Fee**" of $6,500 for each Unit that you purchase. This fee offsets our costs in supporting your efforts to find and develop a permanent site. You will pay the **Site Development Administration Fee** at the same time as the Initial Franchise Fee. The **Site Development Administration Fee** is non- refundable, and is fully earned by us upon execution of the franchise agreement.

Development Agreement

Although our franchises are site-specific and we do not automatically or by default grant territories for development, we may in some instances enter into a Development Agreement ("DA") with a qualified franchisee who wishes to develop up to three salons within a certain length of time after signing a Franchise Agreement.

Under the Development Agreement you must pay, when you sign the DA, a development fee of ninety-nine thousand five hundred dollars ($99,500) for the right to develop (3) Image Studios 360 salons that must be opened under the Development Schedule. The Development Fee will then be applied towards your franchise fee under the then-current Franchise Agreement at the time of execution of such Franchise Agreement. Initially, we will only be offering up to two additional Image Studios 360 Salons for development under an DA. The development schedule of Image Studios 360 Salons under the DA will vary depending upon a variety of factors, including: (1) existing population and anticipated population growth within the Development Area; (2) competition within the Development Area; (3) the availability of acceptable locations; (4) the number of Image Studios 360 Salons we estimate can be developed within the Development Area; and (5) the number of then-operating Image Studios 360 Salons within the Development Area.

The DA and your first Franchise Agreement will be signed simultaneously, and you must pay the Development Fee for two (2) additional salons and the Franchise Fee (for a total $99,500) at that time for three units. You will pay this fee in a lump sum, which is fully earned upon payment. You will agree to open the first unit within 12 months of signing the Franchise Agreement, the second unit within 24 months and the third unit within 36 months.

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ITEM 6. OTHER FEES

Fee	**Amount**	**Due Date**	**Remarks (see Note 1)**
Royalty	5.5% of gross revenue, or $250 per week minimum, whichever is greater.	Due every other Friday (bi-weekly) concurrent with your ACH rent schedule that you collect from your salon tenants. We do not charge royalties until the second month of your business being open, or 12 months after signing the franchise agreement, whichever occurs first.	"Gross Revenues" is defined in Note 2. The minimum royalty will adjust for inflation every year on the anniversary of your franchise agreement (based on NCPI published by BLS). Payment made by automatic withdrawal. See Note 3.
National Marketing Fund ("NMF")	1% - 2% of gross revenue	Same as Royalty Fee.	"Gross Revenues" is defined in Note 2. All franchises, including our company owned locations will contribute equally to this fund.
Local Marketing Fund ("LMF")	$200 each month, minimum requirement	Expenditure by Franchisee	Franchisees will be required to actively market their salons. If needed, assistance will be provided by us to select the most effective marketing campaigns for your location(s).
Grand Opening Event	$1,500 minimum	As incurred	Event to be held once your salon reaches 65% occupancy or within the first eight (8) months of opening for business, whichever occurs first.
In-Person Assistance at Your Location	$500/day + travel expenses.	As incurred	Charges are only for additional training held at your location beyond your initial training which is which is included in your Franchise Fee.
Site Selection Cost	$500 per day + travel expenses	As incurred	Franchisor may send a representative to travel to any proposed location for the Image Studios 360 business and provide an on-site evaluation of the premises.

Fee	**Amount**	**Due Date**	**Remarks (see Note 1)**
Lease Review Fee	$1,000 - $3,000	As incurred	We may review your commercial lease agreement with an attorney and make recommendations on lease language and provisions.
Initial Training for Additional People	$250/day, per person + travel expenses for each person	As incurred	Training for two (2) people is included in your initial franchise fee.
Operations Software Fee	$100 per month, per location	$75 billed monthly by third party software provider for RentManager software, $25 billed mothly by us for operations software	This $75 fee is for your Property Management Software that will contain your tenant database and ACH rent processing that occurs bi-weekly. This $25 fee is for your operations software that we setup for you.
Periodic Regional or National Conference	$500 - $2,000 for travel and accommodations; $1,000 National Conference fee, discounted to $200 to $275 if register on time and attend the Conference.	As incurred	We may hold conferences in the future to discuss ongoing changes in the industry, operational techniques, etc.
Technology Fee	The then current fee (we do not currently charge for this)	Same as Royalty Fee	We reserve the right to charge you a monthly fee for custom or propriety software that we developed ourselves or through third party partnerships or agreement.
Audit or Inspection Fee	$125 - $175/hour	Due on demand	You must pay the cost of an audit if your books are audited and there is a discrepancy of 3% or more. Any discrepancies above 3% are billed at 10% interest on underpayment.

Fee	Amount	Due Date	Remarks (see Note 1)
Insurance	$500 - $1,500 annually	Due on demand	You must purchase the required insurance coverage contained in Item 8 of this agreement. If you do not purchase and maintain the required insurance, we may purchase it on your behalf and you must reimburse us for the cost of insurance plus 15% of the premium as an administrative cost for obtaining insurance for your salon.
Replacement Manuals	Actual replacement costs	As incurred	Actual replacement cost + shipping.
Franchise Renewal	20% of Then Current Franchise Fee	Due 45 days prior to renewal date.	Initial franchise term is 5 years. The renewal term is good for an additional 5 years.
Transfer Fee	25% of Then Current Franchise Fee	Prior to the acceptance and approval of the transfer	This is payable before you sell your franchise. (see Note 4)
Late Fees	$100	On demand	There is a $100 late fee on any royalty and national marketing fund payments that are 7 days or more late. This fee is accrued weekly until all unpaid balances are satisfied.
Interest Expense	18%	On demand	Interest expense that accrues on all late payments in addition to the $100 late fee.
Insufficient Funds	$40	On demand	Due if any payment, by electronic transfer or check, is returned due to insufficient funds.
Attorneys Fees	$300 - $350/hour	On demand	Costs we incur for attorney's fees if you do not comply with the Franchise Agreement
Indemnification	Actual Costs	On demand	You must reimburse us if we are held liable for any claim arising from your operating of the business.
Email Account Fee	$50/year per email	Billed annually	Covers the cost of administering your own email@imagestudios360.com account.

Fee	Amount	Due Date	Remarks (see Note 1)
Music & Media License Fee	Pro-rata amount based on actual costs	Billed annually	We will charge you a pro-rata share of any licensing or streaming fees for music or media for your salon.
Social Media Management Fee	Pro-rata amount based on actual costs	Billed annually	We may charge a fee in the future to manage your social media account. This fee would be billed on a pro-rata basis to each franchisee.

Explanatory Notes:

You must pay these fees to us except as explained below. If we do not actually receive your payments on the due date, they will be deemed delinquent. During the course of developing and operating your Salon, you also must purchase various items from designated and approved suppliers or in accordance with our standards and specifications. See **Item 8** of this Disclosure Document for an explanation of these requirements.

Specific Notes:

Note 1. Except as noted, all fees listed in the above table are payable to Image Studios 360 and are non-refundable. Costs of products and supplies are subject to change periodically, except as otherwise provided in the Franchise Agreement.

Note 2. "Gross Revenues" means the total of all receipts derived from gross rental receipts and other revenue, whether cash, credit, checks, services, property, or other means of exchange evidences the receipts. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.

Note 3. You must pay all Royalties, Advertising fees and other amounts owed to us or our Affiliates by pre-authorized electronic bank transfer from your general account. You must sign and complete the form Authorization Agreement attached to the Franchise Agreement as Exhibit F or any other documentation we require to permit the electronic transfer. The pre-authorized electronic bank transfer requirements are further described in Section 6 of the Franchise Agreement and Exhibit F to the Franchise Agreement. These fees are currently payable bi-weekly on or before the ***close of business on Friday of each week for the preceding two weeks****. We expressly reserve the right in the Franchise Agreement to change the payment frequency and due dates of these fees, provided that they will not be payable more often than bi-weekly. As described in the* ***Explanatory Notes*** *above, these fees must be paid to us at our request by pre-authorized electronic bank transfer from your general operating account.*

Note 4. No Transfer Fee is required if you transfer your Franchise to a corporation in which you are the majority stockholder, or if you transfer the Franchise to your child, parent, sibling, or spouse. You must pay a Transfer Fee of $2,000 or 10% of the then-current transfer fee; whichever is great, if you transfer the Franchise to another Image Studios 360 franchisee. In all other cases, you must pay a Transfer Fee equal to 20% of the then-current franchisee fee.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
SINGLE FRANCHISE AGREEMENT

Fee	Amount	Method of Payment	When Due	Payable to:
Initial Franchise Fee	$39,500	Lump Sum	When signing Franchise Agreement	Image Studios 360
Site Development Administration Fee	$6,500	Lump Sum	When signing Franchise Agreement	Image Studios 360
Business Formation	$1,000 - $3,000	As agreed	As incurred	Third Parties
Rent/Real Estate – first three (3) months & security deposit	$20,000 - $80,000	As agreed	As incurred	Landlord/Lessor
Initial Floor Plan Layout	$1,000	As agreed	Upon completion of floor plan layout	Designated architect
Utility Deposits	$0 - $3,500	As agreed	As agreed	Third Parties
Architectural Plans & Engineering	$7,500 - $30,000	As agreed	As incurred	Approved architects
Licensing & Permits	$3,500 - $10,000	As agreed	As incurred	Local municipalities
Leasehold Improvements	$155,000 - $500,000	As agreed	As incurred	Contractors and outside suppliers
Furniture, Fixtures & Equipment	$50,000 - $195,000	As determined by vendors	As incurred	Approved suppliers
Training Expenses	$1,500 - $3,000	As agreed	As incurred	Airlines, restaurants, hotels, etc.
Computer Equipment	$1,500 - $3,000	As agreed	As incurred	Outside suppliers for equipment; third party software provider
Insurance (annual basis)	$1,200 - $3,500	As agreed	As determined by insurance company	Insurance Company/Agent
Additional funds for three (3) months	$20,000 - $40,000	As agreed	As incurred	Suppliers, third parties, etc.
Miscellaneous opening costs and Grand Opening	$2,500 - $3,500	As agreed	As incurred	Image Studios 360; Outside suppliers
Advertising &	$1,000 - $4,000	As agreed	As incurred	Third parties

Fee	Amount	Method of Payment	When Due	Payable to:
Marketing for first three (3) months				
Operating Supplies	$1,000 - $2,500	As agreed	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT	**$312,700 - $928,000**			

*None of the fees paid to us in this table are refundable. Whether such fees that are paid to third parties are refundable would depend upon their policies.

(1) Image Studios 360 will approve or decline your application within 45 days of our receipt of your completed application. The Initial Franchise Fee is $39,500. Refer to note in Item 5 Except as noted in Item 5 above, we will not refund the Initial Franchise Fee(s) under any circumstances. Image Studios 360 does not finance any fee.

(2) Rent / Real Estate. If you do not own adequate space, you must lease the space for your Business. Generally, this will include first and last months' rent, plus a security deposit. The numbers provided cover the interior build out of a location and are based on our 8 years of combined experience in the salon business and over 20 combined years in the real estate industry. These costs are the same regardless of whether you buy a building or lease space. These estimates are based on the build out of one (1) location. If you purchase multiple franchises at one time, you will incur additional expenses for each location purchased. Typical franchises are located in commercial centers, strip centers or buildings on commercial streets with heavy traffic, malls and office buildings. Generally, Image Studios 360 Salons are located in an existing shopping center with a minimum square footage of 3,500 feet. The terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you, however, we require you to include certain lease provisions, as set forth in the Lease Addendum, Exhibit D, to the Franchise Agreement. Legal fees are included in our estimates for leasing the premises but not for the purchase of real estate. The purchase of real estate may have additional legal expenses.

(3) Improvements / Conversions. Franchise locations range from 18 studios to 43 studios (3,500 to 9,000 square feet). Your location will typically be leased, although some franchisees own their locations. Individual Studios should be equipped with cabinets, mirrors, styling chair, etc. You will lease individual studios to salon professionals for 1 or 2 year terms. Lease payments are collected bi-weekly for the most part, however, in certain markets, you may elect to collect monthly. Franchisees can choose whether to office from home, maintain onsite offices or lease other space. This is not a Image Studios 360 requirement. The costs will vary widely and may be significantly higher than projected in this table depending on such factors as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Franchise.

(4) Includes other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees.

(5) You must purchase an initial inventory of cleaning supplies and other operating supplies.

(6) The advertising and marketing expenditure includes local marketing of a minimum $200 per month for an annual fee of $2,400.

(7) You will be required to purchase computer equipment and software for the operation of your franchise. While we do not require any specific vendors for computer, Internet, and communications equipment, we require that you meet certain minimum standards established periodically in the Operations Manual. We also require that you utilize our property management software to keep your tenant database within, to run rent via ACH, and to run required financials and reporting on a regular basis.

(8) This estimates your initial start up expenses for an initial three-month period, not including payroll costs, and does not include any revenue generated by the operation of your Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Business. Your expenses will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for our rental spaces), the prevailing wage rate, competition and the sales level reached during the initial period.

(9) We relied on a combination of 8 years of experience in the salon business and over 20 combined years in the real estate industry to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

DEVELOPMENT AGREEMENT

Fee	**Amount**	**Method of Payment**	**When Due**	**Payable to:**
Initial Franchise Fee	$39,500	Lump Sum	When signing Franchise Agreement	Image Studios 360
Site Development Administration Fee	$6,500	Lump Sum	When signing Franchise Agreement	Image Studios 360
DA Development Fee	$60,000 (+ initial franchise fee of $39,500) for the right to develop (3) salons	As agreed	As agreed	Image Studios 360
Business Formation	$1,000 - $3,000	As agreed	As incurred	Third Parties
Rent/Real Estate – first three (3) months & security deposit	$20,000 - $80,000	As agreed	As incurred	Landlord/Lessor
Initial Floor Plan Layout	$1,000	As agreed	Upon completion of floor plan layout	Designated architect
Utility Deposits	$0 - $3,500	As agreed	As agreed	Third Parties
Architectural Plans & Engineering	$7,500 - $30,000	As agreed	As incurred	Approved architects
Licensing & Permits	$3,500 - $10,000	As agreed	As incurred	Local municipalities

Fee	Amount	Method of Payment	When Due	Payable to:
Leasehold Improvements	$155,000 - $500,000	As agreed	As incurred	Contractors and outside suppliers
Furniture, Fixtures & Equipment	$50,000 - $195,000	As determined by vendors	As incurred	Approved suppliers
Training Expenses	$1,500 - $3,000	As agreed	As incurred	Airlines, restaurants, hotels, etc.
Computer Equipment	$1,500 - $3,000	As agreed	As incurred	Outside suppliers for equipment; third party software provider
Insurance (annual basis)	$1,200 - $3,500	As agreed	As determined by insurance company	Insurance Company/Agent
Additional funds for three (3) months	$20,000 - $40,000	As agreed	As incurred	Suppliers, third parties, etc.
Miscellaneous opening costs and Grand Opening	$2,500 - $3,500	As agreed	As incurred	Outside suppliers
Advertising & Marketing for first three (3) months	$1,000 - $4,000	As agreed	As incurred	Third parties
Operating Supplies	$1,000 - $2,500	As agreed	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT	**$372,700 - $988,000**			

*None of the fees paid to us in this table are refundable. Whether such fees that are paid to third parties are refundable would depend upon their policies.

(1) Image Studios 360 will approve or decline your application within 45 days of our receipt of your completed application. The Initial Franchise Fee is $39,500. Refer to note in Item 5 Except as noted in Item 5 above, we will not refund the Initial Franchise Fee(s) under any circumstances. Image Studios 360 does not finance any fee.

(2) Rent / Real Estate. If you do not own adequate space, you must lease the space for your Business. Generally, this will include first and last months' rent, plus a security deposit. The numbers provided cover the interior build out of a location and are based on our 8 years of combined experience in the salon business and over 20 combined years in the real estate industry. These costs are the same regardless of whether you buy a building or lease space. These estimates are based on the build out of one (1) location. If you purchase multiple franchises at one time, you will incur additional expenses for each location purchased. Typical franchises are located in commercial centers, strip centers or buildings on commercial streets with heavy traffic, malls and office buildings. Generally, Image Studios 360 Salons are located in an existing shopping center with a minimum square footage of 3,500 feet. The terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you,

however, we require you to include certain lease provisions, as set forth in the Lease Addendum, Exhibit D, to the Franchise Agreement. Legal fees are included in our estimates for leasing the premises but not for the purchase of real estate. The purchase of real estate may have additional legal expenses.

(3) Improvements / Conversions. Franchise locations range from 18 studios to 43 studios (3,500 to 9,000 square feet). Your location will typically be leased, although some franchisees own their locations. Individual Studios should be equipped with cabinets, mirrors, styling chair, etc. You will lease individual studios to salon professionals for 1 or 2 year terms. Lease payments are collected bi-weekly for the most part, however, in certain markets, you may elect to collect monthly. Franchisees can choose whether to office from home, maintain onsite offices or lease other space. This is not a Image Studios 360 requirement. The costs will vary widely and may be significantly higher than projected in this table depending on such factors as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Franchise.

(4) Includes other deposits, utility costs, telephone, Internet, and communications costs and incorporation fees.

(5) You must purchase an initial inventory of cleaning supplies and other operating supplies.

(6) The advertising and marketing expenditure includes local marketing of a minimum $200 per month for an annual fee of $2,400.

(7) You will be required to purchase computer equipment and software for the operation of your franchise. While we do not require any specific vendors for computer, Internet, and communications equipment, we require that you meet certain minimum standards established periodically in the Manual. We also require that you utilize our recommended property management software to keep your tenant database within, to run rent via ACH, and to run required financials and reporting on a regular basis.

(8) This estimates your initial start up expenses for an initial three-month period, not including payroll costs, and does not include any revenue generated by the operation of your Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Business. Your expenses will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for our rental spaces), the prevailing wage rate, competition and the sales level reached during the initial period.

(9) We relied on a combination of 8 years of experience in the salon business and over 20 combined years in the real estate industry to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The appearance, set-up, décor, processes and specifications for all Image Studios 360 Salons are trade secrets belonging exclusively to us. To ensure that high and uniform standards of quality and service are maintained, you must operate your Image Studios 360 Salon in strict conformity with our methods, standards and specifications as set forth in the Franchise Agreement and in the Operations Manual we provide to you or other written materials from us (collectively, the "Manual"), which we may modify from time to time, and which may be in print or electronic format. We reserve the right to require you to use an electronic version of the Manual and to require you to access the document using the Internet or an intranet created and supported by us.

You must purchase those furnishings, fixtures, signs, equipment and marketing materials and other promotional products bearing the Marks, as may be specified in the Manual, only from us or from our approved suppliers or distributors before you open your salon.

At the present time, Image Studios 360 is not an approved or designated supplier of these items. We may, however, become such suppliers in the future. We may derive income or other material benefit from these required purchases from designated and approved vendors/suppliers. In the fiscal year ended December 31, 2016, we did not derive any revenue from purchases or leases from any designated or approved vendors/suppliers made by our Franchisees.

Image Studios 360 estimates that the cost of the salon equipment, cabinetry, doors, interior signage and interior design services that must be purchased from designated or approved suppliers or in accordance with Image Studios 360' specifications will represent approximately between 85% and 90% of your total purchases in connection with the establishment of your business, and will represent from 2% to 5% of your ongoing expenses.

There are no current or on-going supplier relationships that provide us with rebates or pay us for a franchisee's purchases. In the fiscal year ended December 31, 2016, neither our affiliates nor we derived revenue from purchases or leases made by our Franchisees.

If you would like to purchase these items from another supplier, you may request our "Supplier Approval Criteria and Request Form." Based on the information and samples you supply to us, we will test the items supplied and review the proposed supplier's business reputation, delivery performance, credit rating and other information. There is no cost to you for this review. We expect to complete our review and advise you of our decision within 30 days after you submit the required information. The specifications and standards for these required purchases are in the Manual. We reserve the right to disapprove any previously approved vendor whose performance falls below our standards. We will make any approvals of new vendors or revoke approval of vendors in writing based on the vendor's credit worthiness, delivery standards, and cost and will incorporate our decision in the Operations Manual. The specifications and standards for these required purchases are in the Operations Manual.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We may negotiate purchase arrangements with other suppliers and distributors for the benefit of our Franchisees in the future and we may receive rebates or volume discounts from our purchase of salon equipment, beauty supplies, hair care products or salon or spa inventory that we resell to you. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers.

Accounting Process / Reporting Requirements / Computer Hardware and Software

You must establish and maintain a bookkeeping, accounting, record keeping and data processing system conforming to the requirements and formats that we prescribe; including, a common chart of accounts and methodology, format, submission process and timeline, and you must use the operational data control system approved by us, as further detailed in the Manual. You must furnish us periodic reports, which include and are not limited to, monthly gross revenue reports and monthly profit and loss statements. You must provide such periodic reports in a timely manner as noted in Section 13 of the Franchise Agreement.

You must also purchase a back office computer system with the appropriate hardware and software. You must purchase the appropriate word processing, spreadsheet, Internet browser, anti-virus, firewall, spyware protection and any other software we may choose to require. The cost of purchasing or leasing the necessary computers and software programs ranges from $1,500 to $3,000. We also require that you use our recommended property management software through our property management software. The cost per license can range from $75 - $100 per month, and will also serve as your required accounting software.

Insurance

You must, at all times, maintain insurance in force: (a) Property Coverage that includes all-risk property insurance, including fire and extended coverage, vandalism, and malicious mischief insurance, for the replacement value of your Image Studios 360 Salon and its contents; including business interruption insurance; (b) Commercial General Liability and Product Liability insurance; (c) Workers' Compensation insurance; and (d) Umbrella Liability. All insurance policies must: name Image Studios 360 Franchise, LLC and our Affiliates as additional insureds under the General Liability and Products Liability Policies and loss payee under the Property Policy, Image Studios 360 Franchise, LLC must also be endorsed to all policies noted above to receive 30 days notice of cancellation in the event of non-renewal and 10 days notice in the event of nonpayment of premium. You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums no later than 10 days before your Salon opens and within 30 days each year when your policies renew.

Set forth below is types of minimum coverage amounts that we currently require for each franchised Image Studios 360 Salon per location:

Occurrence Limit	$1,000,000
General Aggregate Limit	$2,000,000
Products/Completed Operations Aggregate Limit:	$2,000,000
Personal and Advertising Injury Limited:	$1,000,000
Damage to Premises Rented to You:	$500,000

WORKERS' COMPENSATION:

Workers' Compensation:	STATUTORY

UMBRELLA LIABILITY:

Commercial Umbrella	$2,000,000 per occurrence $2,000,000 aggregate

Upon 30 days prior notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

If you at any time fail or refuse to maintain in effect any insurance coverage required by the Company, or to furnish satisfactory evidence of it, the Company, at its option and in addition to its other rights and remedies under this Agreement, may, but need not, obtain this insurance coverage on behalf of you, and you shall promptly sign any application or other forms or instruments required to obtain any insurance and pay to the Company, on demand, any costs and premiums incurred by the Company. At our request, you must furnish us with evidence of insurance coverage and payment of premiums, as we require.

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain nor does it relieve you of your obligations.

Real Estate Requirements

You must locate a site for your Salon that is approved by us, and you may not sign a lease for the site until we have given our approval in writing. We approve locations on a case-by-case basis, considering factors such as size, appearance, and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area (including other Image Studios 360 Salons) and other commercial characteristics, such as purchase price, rental obligations and other lease terms. We will assist you with a list of site criteria to help you locate a suitable one. Our approval of the Site, however, does not and cannot provide any guarantee or representation that the site of your Salon will be successful. You must pay for any incidental expenses that Image Studios 360 personnel incur while assisting with Salon site selection or site approval processes. These expenses may include car rental, gas, airline tickets, meals, hotel room, and salaries.

If you, one of your Owners, or one of your affiliates at any time owns the premises for your Salon you must immediately notify us, and we may require that you or such Owner of Affiliate (1) enter into an agreement with us in recordable form granting us the right and option, in the event of termination (for whatsoever reason) of the Franchise Agreement, to lease the premises at fair market rental rates for a term coterminous with the term of the Franchise Agreement for such premises; or (2) enter into a prime lease with us at fair market rental rates for a term coterminous with the term of the Franchise Agreement for such premises and a sublease with us on the same terms as the prime lease. The prime lease and sublease referenced in the preceding sentence shall be on the then-current lease and sublease forms used by us.

You must construct and develop your Salon at your own cost and expense. You must develop your Salon in accordance with such exterior and interior materials and finishes, dimensions, design, image, interior layout, décor, fixtures, furnishings, equipment, color schemes and signs consistent with System products and Marks. You must prepare all required construction plans and specifications to suit the shape and dimensions of your site and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must submit construction plans and specifications to us for our review before you begin construction of your Salon, and you must submit all revised and “as built” plans and specifications to us during the course of construction.

In developing and operating your Salon, you must use only the fixtures, furnishings, equipment and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance. As of the effective date of this Disclosure Document, we have designated approved suppliers for fixtures, furnishings, equipment, and décor for developing your Salon. These approved suppliers are the only ones that meet our specifications and standards for these items, and you must purchase these items from these approved suppliers.

You may only display at your Salon the signs, emblems, lettering, logos and display materials that we approve in writing. We have the right to install all required signs at the Salon premises at your expense, although our current practice is to require you to install the signs.

We estimate that the cost of required purchases of products, supplies, fixtures, furnishings, equipment, signs and leases from approved suppliers or designated suppliers, or otherwise will represent approximately 50% of your overall purchases and leases in establishing the Salon.

Website & Social Media

You may not promote, offer, or sell any products or services relating to your Salon, or use any of the Marks, through the Internet without our consent. You must acknowledge that Image Studios 360 is the lawful, rightful, and sole owner of www.imagestudios360franchise.com domain name and unconditionally disclaim any ownership interests in any similar phrase or any similar Internet domain name, including www.imagestudiossuites.com, imagestudios360.org and www.imagestudios360.biz and .salon and .beauty. You and your Principal Owners agree not to register any Internet domain name in any class or category that contains the words Image Studios 360 or any abbreviation, acronym, combination, derivative, or variation of these words including but not limited to the acronym IS360 or phrase Image360.

You will use the Image Studios 360 Franchise website www.imagestudios360franchise.com (the "Franchise Website") in strict compliance with the standards, protocols and restrictions we include in the Manual. You must implement all reasonable procedures we prescribe periodically to prevent unauthorized use and strict compliance with the standards, protocols and restrictions we include in the Manual regarding the use of the Franchise Website among your Salon Operating Partners, general managers, assistant managers, and the like. You are to notify us when any partner or employee ceases to be affiliated or employed with your Salon so we can remove their access to the Franchise Website.

You recognize and understand the crucial importance of the Franchise Website users not transmitting Confidential Information, documents or data from or via the Intranet or Internet without first encrypting the transmission with the encryption program we may either require you to purchase or approve of your purchase. You recognize and understand the crucial importance of users refraining from making derogatory, defamatory, or libelous statements on or over an Intranet or Internet transmission.

We will designate a vendor who will set up your social media accounts. This vendor may change at any time. There is no charge for the initial setup for us to do this for you, however there may be a management fee imposed in the future for this social media management service. You may opt to pay for additional services through this vendor at your discretion. Any monies spent with this vendor would go towards your monthly advertising budget requirement of $200 per month. A style guide is provided to you as a franchisee to insure that all marketing stays within the guidelines we've set forth. If, however, your marketing is deemed to be "off brand", we reserve the right to remove or request removal of all marketing assets and may require further approval through our marketing team prior to future marketing endeavors.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	**Section in Franchise Agreement**	**Section in DA**	**ITEM in Disclosure Document**
a.	Site selection and acquisition/lease if any	Section 3 & Exhibit D	Section 3	ITEM 11
b.	Pre-opening purchases/leases	Section 3	Section 3	ITEM 11

	Obligation	Section in Franchise Agreement	Section in DA	ITEM in Disclosure Document
c.	Site development and other pre-opening requirements	Section 3	Section 3	ITEM 11
d.	Initial and ongoing training	Section 4	Not Applicable	ITEM 11
e.	Opening	Section 3	Section 3.1 Attachment A	Not Applicable
f.	Fees	Section 6	Section 2	ITEM 5, 6, & 7
g.	Compliance with standards and policies/Manual	Section 4	Section 4.4	Item 11
h.	Trademarks and proprietary information	Section 2	Not Applicable	ITEM 13 & 14
i.	Restrictions on products and services offered	Section 8	Not Applicable	ITEM 8 & 16
j.	Warranty and customer service requirements	Section 8	Not Applicable	Not Applicable
k.	Territorial development	Section 3	Section 3 Attachment A	ITEM 11 & 12
l.	Ongoing product and service purchases	Section 8	Not Applicable	ITEM 8 & 16
m.	Maintenance, appearance and remodeling requirements	Sections 8	Not Applicable	Not Applicable
n.	Insurance	Section 8	Not Applicable	ITEM 8
o.	Advertising	Section 10	Not Applicable	ITEM 11
p.	Indemnification	Section 5	Section 6.2	Not Applicable
q.	Owner's participation/management staffing	Section 7	Not Applicable	ITEM 15
r.	Records and reports	Section 11	Not Applicable	Not Applicable
s.	Inspections and audits	Section 12	Not Applicable	Not Applicable
t.	Transfer	Section 13	Sections 4.3 and 5.2	ITEM 17
u.	Renewal	Section 2	Not Applicable	ITEM 17
v.	Post-termination obligations	Section 15	Not Applicable	ITEM 17
w.	Non-competition covenants	Section 15	Not Applicable	ITEM 17
x.	Dispute resolution	Section 17	Section 7	ITEM 17
y.	Other	Not Applicable	Not Applicable	Not Applicable

ITEM 10. FINANCING

Neither Image Studios 360 nor any agent or Affiliate of ours offers direct or indirect financing. We do not guarantee your note, lease, or other obligation.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you begin your Business, we will

1. Within 30 days after signing the Franchise Agreement, designate your Protected Territory in writing and approve, if it meets our standards and specifications for approval, the franchise selected solely by you to be used for the operation of the Franchise (see Section 3 of the Franchise Agreement).

2. Provide you with a copy of our confidential Manual, which contains mandatory and suggested specifications, standards, operating procedures and rules. The Manual is confidential and remains our property. We may modify the Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (See Section 4 of the Franchise Agreement.) We have included a copy of the Table of Contents of our Manual as Exhibit E to this Franchise Disclosure Document. The Manual contains 249 pages.

3. Provide advice about selecting and analyzing a site for your location. Your site must be at least 3,500 square feet. Site selection is your responsibility but we will assist you by considering population density, traffic patterns, and proximity of the proposed site to other Image Studios 360 Salons or any other reasonable criteria. You must lease, sublease or purchase the Premises within 180 days after signing the Franchise Agreement. If you and Image Studios 360 cannot agree on the site selection, then you must select two (2) alternative sites. Image Studios 360 will give you an evaluation of each site. You may then choose any one of the three sites. Image Studios 360 must approve or disapprove your site within 30 days after we receive notice of the franchise from you. If we cannot agree on any of the three sites, then Image Studios 360 will send a representative to assist in site selection. You cannot terminate the Franchise Agreement due to failure to agree on site selection, however, we may terminate the Franchise Agreement for failure to designate a location within twelve (12) months of signing the Franchise Agreement. Our assistance in no way constitutes a representation or warranty with respect to the site. (See Section 3 of the Franchise Agreement.)

4. Provide you advice about the negotiation of the lease or purchase of a location for your Business through our or your selected affiliate(s) or real estate broker(s), which will be leased or purchased by you from independent third parties. Our assistance in no way constitutes a representation or warranty with respect to the lease or purchase. (See Section 3 of the Franchise Agreement.)

5. Approve, if it meets our standards and specifications for approval, plans submitted for the design of your Franchise. Construction or remodeling, if needed, should begin as soon as possible after signing the Franchise Agreement, but, in any case, will not begin later than twelve months after signing the Franchise Agreement. You must purchase cabinetry, doors, salon equipment and interior signage and interior design services from our approved vendor/supplier of these items. Upon request, we will assist in the development and planning of any construction or remodeling with respect to sign specification and colors and Salon layout and design. You must pay for construction or remodeling and all other costs associated with compliance and permits. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. (See Section 3 of the Franchise Agreement.)

6. Within 60 days of your signing the Franchise Agreement, or any other time as may be mutually agreed upon, train you and your designated Manager as follows.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation and Overview	Minimum of l Hour	None	Salt Lake City, Utah
Site Selection and Construction	Minimum of 2 Hours	None	Salt Lake City, Utah
Marketing and Promotion	Minimum of 4 Hours	None	Salt Lake City, Utah
Studio Leasing and Documentation	Minimum of 4 Hours	None	Salt Lake City, Utah
Operations	Minimum of 4 Hours	None	Salt Lake City, Utah
Back Office Systems	Minimum of 4 Hours	None	Salt Lake City, Utah
TOTALS	**Minimum of 15 Hours**		

Our training staff currently consists of Jason Olsen, Tonia Scalzotto, Ariana Speirs and Kori Laurel. Jason Olsen has over 15 year's experience as an entrepreneur. Tonia Scalzotto has 13 year's experience in franchise sales and operations, Ariana Speirs has 7 years of experience in sales and operations and Kori has 1 year experience in training. Training materials will consist of the manual, handouts and virtual instruction.

You and your designated Manager must participate in training.In the event that you would need additional on-site training, all travel expenses (i.e. Hotel, Airfare, Vehicle) would be covered by you, and would be held at our headquarters in Salt Lake City, Utah, or at another designated franchise location. You must complete this training to our satisfaction or repeat this training prior to commencing operation of your franchise. After satisfactorily completing this initial training, requirement monthly meeting with your trainer will commence.

7. Unless otherwise agreed to in writing by the parties, you should be able to open your Salon no later than eighteen months after you sign a Franchise Agreement. The factors that affect this time are the ability to obtain a building or lease, obtain general business permits, training, financing or building permits, zoning and local ordinances, weather conditions, shortages, and installation of equipment, fixtures and signs. Unless otherwise agreed to in writing by the parties if you do not make reasonable efforts to open your franchise by the end of eighteen months we may terminate the Franchise Agreement and retain all monies received.

If you enter into a Development Agreement ("DA") with us and, unless otherwise agreed to in writing, you will be required to sign our Development Agreement ("DA") (Exhibit D) and agree to open the first unit within twelve (12) months, the second unit within 24 months and the third unit within 36 months.

During the operation of the franchised business, we will

1. Periodically modify and update the Manual to reflect changes in standards, specifications and operating procedures. (See Section 4 of the Franchise Agreement.)

2. Offer you a reasonable amount of continuing advisory services by telephone during normal business hours. We may also provide to you visits by our field representative, but any additional on-site consultation or advisory services you request may incur a fee. (See Section 4 of the Franchise Agreement.)

3. We will include information about your Salon on our website. (See Section 10 of the Franchise Agreement.)

4. We do not provide to you a toll free support line. Currently we have a toll-free number 888-785-7858, we may not use it for franchising in the future but for now its live and is listed on the cover of the FDD.

5. In the future, we may implement a centralized purchasing system for you and negotiate prices and terms with suppliers. We may receive rebates from the suppliers for these purchases. We reserve the right to use these funds in our sole discretion. (See Section 8 of the Franchise Agreement.)

6. We may hold periodic regional or national conferences to discuss on-going changes in the industry, operational techniques, studio rental developments, personnel training, bookkeeping, accounting, advertising programs and new service procedures. You are required to attend these conferences. We may elect to hold a National Convention during the year and the cost will be $1,000 per franchise, which covers you and one additional person. If, however, you register before the end of the registration deadline, which will be announced several months ahead of time, and attend the Convention, we will discount the fee to an amount that is usually between $200 and $275 per franchise. If you do not attend the convention the $1,000 fee is still required and you will be provided with all of the training materials from the Convention. Conferences will be held at our corporate headquarters or at another location chosen by us. We estimate the cost of the travel and living expenses to attend the conferences to be between $500 and $2,000. We may provide other conferences from time to time, and you may be required to pay a conference fee for these additional conferences based upon the direct costs to us of retaining speakers and other direct expenses associated with the conference, but we estimate this cost to be no more than $250 per person. You must pay all of the travel and living expenses for you and any other employees who attend. We will not receive any net income from these conferences. (See Section 4 of the Franchise Agreement.)

7. Provide marketing, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print marketing materials, posters, banners and miscellaneous items. You will receive one sample of each at no charge. If you want additional copies you must pay duplication costs. We may use both outside advertising and marketing agencies and internal staff to create advertising. You must purchase our marketing materials for your own use in your business, at your own cost. We must approve the marketing materials in advance and in writing within fifteen days from receipt. We reserve the right to utilize marketing developed by you for the use of all Franchisees without any payment or other compensation to you. (See Section 10 of the Franchise Agreement.)

8. There are no restrictions on your marketing, except that you may not advertise independently on the Internet (See Section 10 of the Franchise Agreement) or outside your Protected Territory (except for direct mail advertising) and that we must approve your advertising.

Marketing Programs

Local Marketing Fund ("LMF")

At the present time, you are required to market on a local basis as an individual Franchise or by local marketing agencies hired by you. You are required to spend a minimum of $2,400 on marketing and promotion on an annual basis in your Protected Territory. Marketing and promotion costs include but are not limited to mailers to potential customers, online advertising, and meals and entertainment for existing customers. (See Section 10 of the Franchise Agreement.)

National Marketing Fund ("NMF")

We may, in our sole discretion, establish and administer a National Marketing Fund ("NMF") for the creation and development of creative materials and programs to increase brand awareness, marketing, advertising, and related programs and materials, including electronic, print, radio, television, and outdoor media as well as the planning and purchasing of national and/or regional media, including electronic, print, radio, television, and outdoor advertising, or other media vehicles ("Marketing"). The NMF will not be collected until there are at least 15 Image Studios 360 Salons in operation. We will use national and regional advertising agencies as well as our in-house marketing personnel as we deem appropriate. At our discretion, the NMF may also pay for consumer research and the production and development of Marketing materials. We reserve the right to have our Affiliate or a related entity manage this fund. If not covered by NMF, each Salon, whether Franchise-owned, company-owned, or company-affiliated, shall be responsible for its pro rata share (or, if applicable, on a use basis), on a per Salon basis, of the actual production costs and fees (such as print ad fees) of the Marketing materials, which can be paid by dollars contributed to LMF. Image Studios 360 Salons owned by our Affiliates and us shall contribute to the NMF on the same basis as the then-current rate for franchisees. You must contribute to the NMF amounts that we establish from time to time in the range of 1% - 2% of gross revenue.

We will have sole discretion over all aspects of programs financed by the NMF, including national or regional media, creative concepts, materials, endorsements, and agency relationships. Although the NMF is intended to maximize general recognition and patronage of the brand and the Marks for the benefit of all Image Studios 360 Salons, we cannot assure you that any particular Image Studios 360 Salons will benefit directly or pro rata from the placement of advertising or that any amounts will be spent on advertising specifically in the area in which a franchisee is located. Additionally, we reserve the right to define, at any time, the measurement terms for any media coverage. The NMF may be used to pay for the cost of preparing and producing creative materials and programs we select, including video, audio, electronic, and printed advertising materials, media planning, and buying services, and for the cost of employing advertising agencies, and supporting market research activities. We may furnish you with marketing, advertising, and promoting materials at cost, plus any related administrative, shipping, handling, and storage charges.

The NMF will be accounted for separately from our other funds. While our intent is to balance the NMF on an annual basis, the NMF may periodically run at either a surplus or deficit. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all Image Studios 360 Salons to the NMF in that year, and the NMF may borrow from us or other lenders to cover deficits in the NMF or cause the NMF to invest any surplus for future use by the NMF. We will prepare annually an unaudited statement of monies collected and costs incurred by the NMF and furnish you a copy upon your written request. Except as otherwise expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation with respect to the maintenance, direction, or administration of the NMF. We do not act as a trustee or in any other fiduciary capacity with respect to the NMF. We will not use the National Marketing Fund to defray the cost of our general operating expenses except for reasonable allocation of overhead, including pro-rata amount of salaries and facilities, used in to develop, administer the promotions, products and activities covered by the National Marketing Fees.

We reserve the right to seek the advice of owners of Image Studio Salons by formal or informal means with respect to the creative concepts and media used for programs financed by the NMF. At our direction, we may establish a Marketing Advisory Council ("MAC"). Members of the MAC are elected by franchise owners from among signatory franchise owners who have at least one salon open and the MAC will serve only in an advisory capacity. The final authority on all programs financed by the NMF will rest with us, and we will have sole discretion over all aspects of such programs, including national or regional media, creative concepts, materials, endorsements, agencies, and suppliers. We will have the right to change or dissolve the MAC.

Advertising Approvals and Initial Advertising Costs

You must submit to us for our prior approval, a marketing plan annually for your market(s) and a marketing plan for each new Salon opening along with samples of all advertising and promotional materials by following the creative approval process, which occasionally may be updated. You must spend a minimum of one thousand five hundred dollars ($1,500.00) for grand opening advertising and promotional programs for your Salon. Grand opening advertising and promotional program costs will be applied toward the required LMF expenditures. You must use the types of advertising media specified in the Manual and you must conduct your grand opening program once your location reaches an occupancy of 65% or more, or within the first eight months of operation, whichever occurs first. If you elect to work with a marketing firm (including an advertising agency, public relations firm, printing or production company) you must obtain our written approval of such marketing firm, and such marketing firm must sign an Image Studios 360 approved confidentiality agreement before you sign any contracts or share any Confidential Information, as defined in your Franchise Agreement, with such marketing firm. Marketing, advertising, printing or production firms employed by you will not be permitted access to any limited access intranet sites (including the Franchise Website) or any other information regardless of a confidentiality agreement having been signed. Marketing, advertising, printing or production firms may not have access to trademark or branded collateral, apparel or merchandise without our written approval.

Creative Approval Process

Image Studios 360 will produce all advertising and promotion materials. However, Image Studios 360 holds the right to authorize or oversee the production of creative or marketing collateral by outside or third party marketing or advertising firms. Any advertising and promotion materials not prepared by us must be approved before your use. The complete creative approval process, as it occasionally may be updated, can be found in the Manual. We reserve the right to decline approval of any advertising or promotional materials if we believe it does not meet our standards as specified in our Image Studios 360 Style Guide.

Computer Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular brand of computer hardware, but we do specify the standards for computer and communication equipment and Internet access. The minimum hardware requirement is a PC or MAC with 4GB RAM and 250GB Hard Drive. This hardware may be obtained from any computer reseller such as Office Max, Staples, Office Depot or Best Buy and will cost from $1,000 to $2,000. You will be required to license our approved accounting and property management software, to use in the operation of your Franchise as prescribed in the Manual. You must provide us access to the information contained in the software over the Internet. However, we will be restricted to the information relating only to your franchise. Image Studios 360 has the contractual right to poll the necessary data from your computer, but as a practical matter would be unable to do so without your cooperation. Image Studios 360 will not have the right to access other types of data on your computer and does not have the ability to access it independently.

We reserve the right to specify computer hardware or software standards in the future. You must have access to the Internet, have an electronic mail address and periodically check your electronic mailbox and the portion of our Web site devoted to franchise owners. We will provide you with an email with our domain name (e.g.: ________@imagestudios360.com). The cost of administering and hosting your email account is $50.00 per year, per email. We have the sole right to market and sell on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing the Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies that we may identify from time to time.

You may be required to upgrade your hardware and/or software in order to utilize the computerized system as technological advances require. You will be responsible for the cost of such upgrades. You will not be required to upgrade your hardware or software more often than once a year.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected. This may include establishing firewalls, access code protection, anti-virus systems, and use of backup systems.

ITEM 12. TERRITORY

For each Franchise unit you purchase that is not located in major metropolitan downtown areas or similar defined Central Business Districts, you will receive an exclusive territory ("Protected Territory") with a 2 mile radius. However, for a unit located in major metropolitan downtown areas or similar defined Central Business Districts, your Protected Territory will be limited to a one-half to 1 mile radius as determined by us. Your Protected Territory will be defined in the Site Selection Addendum attached to the Franchise Agreement as Exhibit G and/or in Exhibit A to the DA. Each Franchised unit purchased operate from one location approved by us and must receive our permission before relocating. We will grant approval to relocate if you are in compliance with the Franchise Agreement and/or the DA, you have paid all money owed to us and/or our affiliates, and the proposed location meets our site selection criteria as specified in the Manual. If you and Image Studios 360 cannot agree on the site selection, then you must select two (2) alternative sites. Image Studios 360 will give you an evaluation of each franchise. You may then choose any one of the three sites. Image Studios 360 must approve or disapprove your site within 30 days after we receive notice of the franchise from you. If we cannot agree on any of the three sites, then Image Studios 360 will send a representative to assist in site selection. The franchise agreement cannot be terminated due to failure to agree on site selection, however, unless otherwise agreed to in writing by the parties, the franchise agreement may be terminated for failure to designate a location within twelve (12) months of signing the franchise agreement.

Neither Image Studios 360, nor any Affiliate, will operate, through our current or a different trademark or grant franchises for the same, similar or competitive business within your Protected Territory, but Image Studios 360, its Affiliates and its franchisees have the right to do so anywhere outside your Protected Territory. Once established, and unless otherwise agreed to in writing by the parties, the boundaries of your Protected Territory will not be adjusted regardless of whether the population of your Protected Territory increases or decreases over time.

Your Protected Territory does not extend to, and you may not advertise independently on, the Internet. We will maintain the Image Studios 360 website page which will include information regarding your Franchise. You may not solicit or advertise to people who reside outside the Protected Territory (other than direct mail solicitations) without the express written permission of Franchisor.

There is no minimum sales quota; however, there is a minimum royalty fee to encourage development of business in your territory. The minimum monthly royalty fee of $250 per week is required. This fee is due if the total royalty fees for the week are lower than $250, in which case, the difference of the total royalty fees paid for the month would be due, payable at the end of the month. Failure to pay the royalties or minimum royalty is a material breach of the Franchise Agreement and may result in termination.

You do not receive the right of first refusal or the right to acquire additional franchises within your area or any contiguous area. Each Franchise Agreement is a separate and distinct transaction between you and us. You are encouraged to purchase franchise rights to operate additional franchises within or outside your local trade area. You do not receive any rights to use any other channel of distribution for our products or services without our written consent.

Although we have not done so, we and our affiliates may sell products under the Marks within and outside your Protected Territory through any method of distribution other than a dedicated Image Studios 360 location, including, sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Protected Territory except as described in the following paragraph and you will receive no compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet or other computer network site or sell through any other alternative distribution channel, and we receive orders for any System products or services calling for service or performance in your Protected Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will be entitled to no compensation in connection with this.

Our affiliates and we can use alternative channels of distribution to make sales within your Territory of products or services under trademarks different from the Marks you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this type.

We reserve the right, among others

1. to own, franchise, or operate Franchises at any location outside of the Protected Territory, regardless of the proximity to your Franchised unit,

2. to use the Marks and the System to sell any salon equipment or services, or beauty supplies similar to those which you will sell, through any alternative channels of distribution within or outside of the Protected Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated franchises, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce,

3. to purchase or be purchased by, or merge or combine with, any businesses, including a business that competes directly with your Franchise, wherever located, and

4. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

ITEM 13. TRADEMARKS

We grant you the right to operate a business under our Marks, including the name "Image Studios 360". By "trademark," we mean trade names, trademarks, service marks, and logos used to identify your Business. We operate the franchise system under the trademark "Image Studios 360". This trademark is owned by our affiliate, IS360 TM,. We have been granted a license, by our affiliate, which is unrestricted as to purpose and unlimited as to duration of time and cannot be cancelled or modified, to use this and any other future trademark(s) owned by our affiliate. We have the exclusive right to license to our franchisees the right to use this trademark. We grant you the right to operate your Business under the name "Image Studios 360". You may also use our other current or future Marks as we may designate to operate your Business. You must indicate, as required in the Franchise Agreement and specified in the Manual, that you are an independent operator of the Franchise and shall use the appropriate trademark and copyright marks as indicated by us.

The following trademarks are registered with the United States Patent and Trademark Office ("**USPTO**"). IS360 TM, LLC has licensed the use of its trademarks to Image Studios 360Franchise, LLC pursuant to a Trademark Licensing Agreement (the "License Agreement"), dated April 15, 2015. The License Agreement allows Image Studios, as licensee, to use the trademarks listed below, as long as Image Studios is solvent. IS360 TM, LLC also has the right to terminate the License Agreement in the event that Image Studios or any of its sublicensees breach any material term of the agreement. In the event the License Agreement is terminated, sublicensees will cease and desist from all use of the trademarks.

Description of Mark	Registration Date	Registration Number	Principal or Supplemental Register of the United States Patent and Trademark Office
IMAGE STUDIOS 360	October 27, 2015	4,842,581	N/A
CREATIVITY FREEDOM SUCCESS	August 9, 2016	5,018,603	N/A
WHERE CREATIVES PLAY	December 1, 2015	4,864,554	N/A

You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as we license to you. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time in our discretion.

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the Marks, which are relevant to your use of these Marks.

No currently effective litigation affects our use or ownership rights in a trademark. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to the franchise. All required affidavits have been filed.

We have the right to control and administrative proceedings or litigation involving a trademark licensed by us to you. You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole and absolute discretion, to protect the unauthorized use of our Marks, which may include payment of reasonable costs associated with the action. We will indemnify you for any claims of infringement or challenges from use of Marks, and will be solely for the defense and the cost thereof.

You must modify or discontinue the use of a Mark if we modify or discontinue use. The use of a new or modified trademark may be required, and you may be required to replace existing signs using new signs displaying our new or modified trademark. If this happens, we will reimburse you for your tangible cost of compliance (for example, changing signs). You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before starting your Franchise, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your Franchise name.

ITEM 14. COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no pending patent applications that are material to the franchise. We hold no patents, and have no pending patent applications. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in the Image Studios 360 Confidential Operating Manual.

There are no agreements currently in effect, which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U S Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights, which could materially affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Marks described in Item 13 of this disclosure document.

Confidential Information

You may never – during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or use it for any other purpose or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you who perform work for the business or who have access to our confidential information must first sign our Confidentiality/Non-Competition Agreement (Exhibit E to the Franchise Agreement).

Our confidential information will include services, technologies and procedures relating to the operation of an Image Studios 360 salon, systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the Image Studios 360 System, the Manual methods of advertising and promotion instructional materials, and other matters.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You or a fully trained and qualified manager ("**Manager**"), who has completed our training program, must directly supervise and participate in the actual day-to-day operation the Franchise on a full-time basis. Neither you nor your Manager may have an interest or business relationship with any of our business competitors. If you are an entity, we do not require that your designated Manager own an equity interest in such entity. You are responsible for ensuring that your Manager, employees and contractors do not disclose our confidential information. Each of your officers, directors, partners, shareholders or members (and, if you are an individual, immediate family members) who perform work for the business or who have access to our confidential information must execute our standard Nondisclosure and Non-competition Agreement, a copy of which is attached to Exhibit E of the Franchise Agreement. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

If you are a business entity, each of your officers, directors, shareholders, partners, and members, plus any individual who owns, directly or indirectly, a 20% or greater interest in you must also sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. (See Attachment V to the Franchise Agreement.)

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You will offer to lease to salon professionals only those salon studio spaces, booths, rooms, or other rentals that are authorized and approved by us. You are not restricted in your selection of the salon professionals to whom you may offer studio space, booths, rooms, or other rentals provided such individuals are properly licensed in your state. You and your salon professionals will offer only those products and services that are authorized and approved by Image Studios 360. Image Studios 360 reserves the right, in its sole discretion, to change the types of authorized products and services that you may offer, upon reasonable notice to you. There are no contractual limits on our right to make any such changes, but Image Studios 360 will not make changes lightly. Image Studios 360 reserves the right to set maximum prices for use with multi-area marketing and special price promotions. Additionally, You cannot lease the individual studios at a rate lower than the prevailing market rate for the area in which the Image Studios 360 Salon is located. Image Studios 360 will assist you in determining the range of acceptable rental rates for your particular location.

Currently, you must purchase salon equipment and beauty supplies from our designated suppliers. You must use the services of Image Studio's designated salon design firm. Image Studios 360 reserves the right to designate alternative vendors from whom you will purchase salon equipment and beauty supplies.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
A	Length of the franchise term	Section 2	5 years
B	Renewal or extension of term	Section 2	If you are in good standing you can renew for ten additional terms of 5 years each.
C	Requirements for franchisee to renew or extend	Section 2	Sign new agreement, give timely notice of intent to renew, not be in default, not have been in material breach previously, be current in payments, pay the Renewal Fee. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same, and the Continuing Royalty on renewal will be no greater than Royalties that we impose on similarly-situated renewing franchisees.
D	Termination by franchisee	Section 15	Breach by us of material provision and failure to cure following proper notice.
E	Termination by franchisor without cause	None	None
F	Termination by franchisor with cause	Section 14	We can terminate if you commit any one of several violations with a written 30 days' notice and for certain violations without any notice.
G	"Cause" defined - curable defaults	Section 10	You have 30 days to cure, including failure to comply with the System, non-payment of fees and other obligations, failure to comply with federal, state or local laws or regulations, certain breaches of the agreement, failure to complete training as required, loss of possession of your business, affecting an unapproved transfer and liquidating or consolidating without our approval.

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
H	“Cause” defined - non-curable defaults	Section 14	Non-curable defaults include misrepresentation by you, failure to complete initial training, bankruptcy, insolvency, or appointment of receiver, abandonment, trademark misuses and unapproved transfers. (Termination upon bankruptcy may not be enforceable under U.S. Bankruptcy Law)
I	Franchisee’s obligations on termination/nonrenewal	Section 15	Obligations include complete de-identification, non-competition, and return of confidential or critical business information and payment of amounts due.
J	Assignment of contract by franchisor	Section 13	No restriction on our right to assign.
K	“Transfer” by franchisee - defined	Section 13	Includes transfer of contract or assets or ownership change.
L	Franchisor approval of transfer by franchisee	Section 13	We have the right to approve all transfers but will not unreasonably withhold approval.
M	Conditions for franchisor approval of transfer	Section 13	Any brokers’ fees or commissions that arise because of the transfer must be paid by the Franchisee.
N	Franchisor’s right of first refusal to acquire franchisee’s Business	Section 13	We can match any offer for your Business.
O	Franchisor’s option to purchase franchisee’s Business	Section 13	We may purchase Business if Franchise is terminated for any reason by Right of First Refusal.
P	Death or disability of franchisee	Section 13	Franchise must be assigned by estate to approved transferee within 120 days.
Q	Non- competition covenants during the term of franchise	Section 15	No involvement in competing business anywhere in U.S.
R	Non-competition covenants after the franchise is terminated or expires	Section 15	No competing business for 2 years within 50 miles from the boundary of your Protected Territory or from another Image Studios 360 franchise, company-owned Franchise, or on the Internet (including after assignment).
S	Modification of agreement	Section 18	No modifications generally but Manual and the System are subject to change.

	Provision	Section in Franchise Agreement	Summary For Franchise Agreement
T	Integration/merger clause	Section 18	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable. Nothing in this agreement or in any related agreement is intended to disclaim any of the representations made in the disclosure document.
U	Dispute resolution by arbitration or mediation	Section 17	Except for certain claims, all disputes must be arbitrated.
V	Choice of forum	Section 17	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Utah (subject to state law).
W	Choice of law	Section 17	Utah law applies (subject to state law).

See Exhibit G, the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

DEVELOPMENT AGREEMENT RELATIONSHIP

This table lists certain important provisions of the multi unit development agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in Developer Agreement	Summary For Developer Agreement
A	Length of the DA term	Section 2	Date of execution and, unless earlier terminated, end on the last day of the calendar month that the final Location is required to be developed and opened under the Development Schedule.
B	Renewal or extension of term	Not Applicable	Not Applicable.
C	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable.
D	Termination by franchisee	Not Applicable	Termination by Franchisee for any reason with 60 days prior written notice.
E	Termination by franchisor without cause	None	None.
F	Termination by franchisor with cause	Section 9	We can terminate if you commit any one of several violations immediately upon notice or with 30 day notice.

	Provision	Section in Developer Agreement	Summary For Developer Agreement
G	"Cause" defined - curable defaults	Not Applicable	You have 30 days to cure, including Failure to Maintain Standards, Deceptive Practices Failure to Obtain Consent, Failure to Comply with Manual, Breach of Franchise Agreement, Failure to Timely Develop.
H	"Cause" defined - non-curable defaults	Not Applicable	Immediate termination upon receipt of notice. Non-curable defaults include Abandonment, Insolvency, Assignments, Unsatisfied Judgments, Levy, Foreclosure, Criminal Conviction, Failure to Make Payments, Misuse of Marks, Unauthorized Disclosure, Violation of Restrictive Covenants, Repeated Noncompliance, Unauthorized Transfer, (Termination upon bankruptcy may not be enforceable under U.S. Bankruptcy Law).
I	Franchisee's obligations on termination/nonrenewal	Franchise Agreement ("FA") Section 15	Obligations include complete de-identification, non-competition and payment of amounts due, return of confidential or critical business information.
J	Assignment of contract by franchisor	Section 6	No restriction on our right to assign.
K	"Transfer" by franchisee defined	Section 7	Includes transfer of contract or assets or ownership change. Transfer must be to an "Approved Affiliate".
L	Franchisor approval of transfer by franchisee	Section 8	Transfers are not permitted except to an "Approved Affiliate" we have the right to approve all transfers in our sole discretion.
M	Conditions for franchisor approval of transfer	Section 8	One of the individual owners of the Approved Affiliate or the Franchisee, if the Franchisee is the parent of the Approved Affiliate, who has a minimum of 15% of the ownership interest in the Approved Affiliate or the Franchisee, shall be designated by the Franchisee to supervise and direct the operations of the Location and each other Location developed hereunder ("Managing Owner''), and general release signed by you, and current agreement signed by new Franchisee.
N	Franchisor's right of first refusal to acquire franchisee's Business	FA Section 13	We can match any offer for your Business.

	Provision	Section in Developer Agreement	Summary For Developer Agreement
O	Franchisor's option to purchase franchisee's Business	FA Section 13	We may purchase Business if Franchise is terminated for any reason by Right of First Refusal.
P	Death or disability of franchisee	FA Section 13	Franchise must be assigned by estate to approved transferee within 120 days.
Q	Non-competition covenants during the term of franchise	FA Section 13	No involvement in competing business anywhere in U.S.
R	Non-competition covenants after the franchise is terminated or expires	FA Section 13	No competing business for 2 years within 50 miles from the boundary of your Protected Territory or from another Image Studios 360 franchise, company-owned Franchise, or on the Internet (including after assignment).
S	Modification of agreement	FA Section 18	No modifications generally but Manual and System are subject to change.
T	Integration/merger clause	FA Section 12	Only the terms of the DA Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the DA may not be enforceable. Nothing in this agreement or in any related agreement is intended to disclaim any of the representations made in the disclosure document.
U	Dispute resolution by arbitration or mediation	Section 11	Except for certain claims, all disputes must be arbitrated.
V	Choice of forum	Section 11	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Utah (subject to state law).
W	Choice of law	Section 11	Utah law applies (subject to state law).

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchisee and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This financial performance representation shown in the tables below is the average, at the end of calendar year 2016, for the four (4) Image Studios 360 Salons owned by our Affiliate, Destination Suites, LLC & Destination Suites South Jordan LLC, and that have both been in operation 18 months or more. These Image Studios 360 Salons (the "Affiliate-Owned Salons") are located in urban or suburban areas. The table does not include any financial performance information for any franchisee-owned Salons as none have yet been sold. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

These four (4) Affiliate-Owned Salons are located in Utah and have a Protected Territory of a 2.0 mile radius. The numbers presented below represent the occupancy rate, rental rates and construction cost of the Company Salons through fiscal year 2016.

Individual salon studios, located within an Affiliate-Owned Salon, although essentially the same may vary slightly based on market conditions, demand for specific products, the requirements of customers, and the sales skills utilized by the employees of each individual Salon. The gross revenue produced by each Image Studios 360 Salon Studio will depend on a wide range of factors including, but not limited to, geographic differences, competition within the immediate market area, the quality of the rental space, consumer demand, and the marketing skills and sales efforts employed by each franchisee. The profitability of individual studios will depend on a number of factors, which may vary due to the individual characteristics of each location. Factors affecting the net profits may include, but are not limited to, commercial lease rates, the costs of labor, insurance, utilities, supplies, and compliance with state and local laws regulating the provision of salon rental space, including any state-specific rental requirements.

Below is an Image Studios 360 Salon's 2016 Historical Data, which is our only authorized statement regarding financial results relating to our Affiliate-Owned Salons. It should be read in its entirety, including the discussion of factual basis and material assumptions and all disclaimers, since all of it is important to your decision. Note that these figures have not been audited or prepared in accordance with generally accepted accounting standards and do not meet professional or other standards for complete financial statements.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Before signing any binding documents or making any investment, you should make your own independent investigation regarding the possible purchase of an Image Studios 360 Franchise.

HISTORICAL DATA

Affiliate owned locations open for 12 months or more as of December 31, 2016

Location	**So. Jordan**		**Fort Union**		**Average (both locations)**	
Size (SF) / # Studios	5,552	24 studios	6,224	31 studios	5,889	27.5 studios
Total Revenue	**200,771**	**100.0%**	**329,194**	**100.0%**	**264,982**	**100.0%**

Accounting	1,565	0.8%	1,700	0.5%	1,633	0.6%
Advertising	6,217	3.1%	5,744	1.7%	5,980	2.3%
Cleaning Supplies	1,379	0.7%	1,742	0.5%	1,560	0.6%
Insurance	300	0.1%	748	0.2%	524	0.2%
Janitorial	4,897	2.4%	4,232	1.3%	4,565	1.7%
Legal	0	0.0%	2,611	0.8%	1,306	0.5%
Office Supplies	143	0.1%	1,521	0.5%	832	0.3%
Rent - Building	70,996	35.4%	99,584	30.3%	85,290	32.2%
Rent – Common Area Maintenance / Triple Net Real Estate Fees	38,046	19.0%	29,321	8.9%	33,684	12.7%
Repairs & Maintenance	6,726	3.4%	2,507	0.8%	4,617	1.7%
Utilities	14,080	7.0%	19,139	5.8%	16,610	6.3%
Other Selling, General & Administrative Expenses	2,348	1.2%	2,541	0.8%	2,445	0.9%
Total Expense	**146,697**	**73.1%**	**171,390**	**52.1%**	**159,044**	**60.0%**
NET INCOME (EBITDA)	**54,074**	**26.9%**	**157,804**	**47.9%**	**105,939**	**40.0%**
[1]Royalties	11,042	5.5%	18,106	5.5%	14,574	5.5%
[2]Nat'l Marketing Fund (NMF)	2,008	1.0%	3,292	1.0%	2,650	1.0%
NET INCOME (EBITDA) AFTER ROYALTIES + NMF	**41,024**	**20.4%**	**136,406**	**41.4%**	**88,715**	**33.5%**

[1]Franchisees would have royalties as an additional expense that the affiliates FPR would not incur. The additional expenses are not reflected in the Item 19 data provided.

[2]National Marketing Fund Royalties do not take effect until 15 units are opened (see "NMF" details in Item 11). The estimate of these NMF fees only apply once this threshold is reached.

FRANCHISE OUTLET PERFORMANCE

Franchise owned locations open for 12 months or more as of December 31, 2016

Location	**Sandy (Franchise Outlet)**	
Size (SF) / # Studios	5,000	*28 studios*
Total Revenue	**301,542**	***100.0%***

Accounting	2,750	*0.9%*
Advertising	4,393	*1.5%*
Cleaning Supplies	787	*0.3%*
Insurance	1,874	*0.6%*
Janitorial	4,470	*1.5%*
Legal	308	*0.1%*
Office Supplies	5	*0.0%*
Rent - Building	80,408	*26.7%*
Rent – CAMS/NNN	33,232	*11.0%*
Repairs & Maintenance	4,442	*1.5%*
Utilities	1,889	*0.6%*
Other SG&A	6,506	*2.2%*
Total Expense	**141,064**	***46.8%***
NET INCOME (EBITDA)	***160,478***	*53.2%*
Royalties[1]	15,077	*5.0%*
National Marketing Fund (NMF) [2]	0	*0.0%*
NET INCOME (EBITDA) AFTER ROYALTIES + NMF	***145,401***	***48.2%***

[1]Franchisee pays 5.0% royalty. The current royalty amount is 5.5%.

[1]Franchisee is not obligated to pay the NMF fee until there are 15 units in operation per the FDD (see "NMF" details in Item 11), which is why there are no figures inserted for this expense category because no actual expenses were incurred.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary
For Years 2014 to 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	0	0	0
	2015	0	1	+1
	2016	1	3	+2
Company/Affiliate Owned	2014	4	5	+1
	2015	5	4	-1
	2016	4	2	-2
Total Outlets	**2014**	**4**	**5**	**+1**
	2015	**5**	**5**	**0**
	2016	**5**	**5**	**0**

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Company) For Years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2014	0
	2015	1
	2016	2

Table No 3
Status of Franchised Locations
For years 2014 to 2016 (As of December 31st of each year)

Column 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Column 7 Reacquired by Company	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Utah	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	2	0	0	0	0	3
Totals	**2014**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2015	**0**	**1**	**0**	**0**	**0**	**0**	**1**
	2016	**1**	**2**	**0**	**0**	**0**	**0**	**3**

Table No 4
Status of Company-Owned Offices
For years 2014 to 2016

Column 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
Utah	2014	4	1	0	0	0	5
	2015	5	0	0	0	1	4
	2016	4	0	0	0	2	2
Totals	**2014**	**4**	**1**	**0**	**0**	**0**	**5**
	2015	**5**	**0**	**0**	**0**	**1**	**4**
	2016	**4**	**0**	**0**	**0**	**2**	**2**

Table No. 5
Projected Openings as of December 31, 2016

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchise Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
Utah	1	1	0
Florida	1	1	0
Totals	**2**	**2**	**0**

Confidentiality Agreements

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Associations and/or Organizations

There are no trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored or endorsed.

There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit F are the unaudited financial statements of Image Studios 360 Franchise, LLC. The Franchisor has not been in business for three years or more and cannot include all financial statements required by this Item.

ITEM 22. CONTRACTS

Attached to this Disclosure Document are the following contracts:

EXHIBIT A	SCHEDULE OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT B	LIST OF FRANCHISEES AND CERTAIN FORMER FRANCHISEES
EXHIBIT C	IMAGE STUDIOS 360 FRANCHISE AGREEMENT
EXHIBIT D	IMAGE STUDIOS 360 DEVELOPMENT AGREEMENT
EXHIBIT E	IMAGE STUDIOS 360 OPERATIONS MANUAL TABLE OF CONTENTS
EXHIBIT F	FINANCIAL STATEMENTS
EXHIBIT G	STATE SPECIFIC ADDENDA
EXHIBIT H	RECEIPTS

ITEM 23. RECEIPT

Included as the last document of this Disclosure Document is a detachable Receipt to be signed by you.

EXHIBIT A

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

SCHEDULE OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Business Oversight: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677 Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 or (866) 275-2677 San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 (619) 525-4233 or (866) 275-2677 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565 or (866) 275-2677	Corporations Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505or (866) 275-2677
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, Florida 32399-6500 (850)-922-2966 or (850) 488-2221
HAWAII	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 548-2021	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1230 “O” Street, Suite 400 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex, Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Securities Division 1511 Pontiac Avenue John O. Pastore Complex, Bldg. 69-1 Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Securities 445 East Capitol Pierre, SD 57501 (605) 773-4823

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9672	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Olympia, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

EXHIBIT B

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

LISTS OF FRANCHISEES AND CERTAIN FORMER FRANCHISEES

CURRENT FRANCHISEES – AS OF DECEMBER 31, 2016

Modern Studios Sandy LLC
April Benincosa, Spencer Francom, Erin Francom
10691 S State Street
Sandy, UT 84070
(801) 603-2667

Modern Studios Salt Lake LLC
April Benincosa, Spencer Francom, Erin Francom
1850 South 300 West
Salt Lake City, UT 84115
(801) 603-2667

Modern Studios Draper LLC
April Benincosa, Spencer Francom, Erin Francom
177 West 12300 South
Draper, UT 84020
(801) 603-2667

LG Purchasing Group LLC
Lenka Ginsburg
9732 Phipps Lane
Wellington, FL 33414
(754) 246-8886

8Fold LLC
Jodie Jorgensen
275 West 3950 North Pleasant View
Pleasant Grove, UT 84414
(801) 668-3819

FORMER FRANCHISEES – AS OF DECEMBER 31, 2016

None

EXHIBIT C

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

FRANCHISE AGREEMENT

EXHIBIT D

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

DEVELOPMENT AGREEMENT

EXHIBIT E

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

OPERATIONS MANUAL TABLE OF CONTENTS

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(Approx. 239 pages total)

EXHIBIT F

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

FINANCIAL STATEMENTS

EXHIBIT G

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

STATE SPECIFIC ADDENDA

EXHIBIT G

STATE AND PROVINCIAL LAW ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Image Studios 360 Franchise, LLC Franchise Disclosure Document and may supersede certain portions of the Franchise Agreement dated ____________________, 2017.

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. 815 ILCS 705/19 and 705/20], INDIANA [Stat. Sections 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD. Code Ann., Bus. Reg. Sections 14-201 to 14-233 (2010 Repl. Vol.)], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56.10-1], SOUTH DAKOTA [Codified Laws Chapter 37-5B], VIRGINIA [Code 13.1-517-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Neither we, nor any person or franchise broker disclosed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

All the owners of the franchise will be required to execute personal guarantees. This requirement places the marital assets of the spouses domiciled in community property states – Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin – at risk if your franchise fails.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the city where our headquarters are located at the time, currently that is Salt Lake City, Utah. The costs of such arbitration will be borne by the non-prevailing party.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the State of Utah. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

The following paragraph is added to ITEM 19 of this Franchise Disclosure Document:

> The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figure to obtain your net income or net profit. You should conduct an independent investigation of the costs and expenses You will incur in operating your franchised business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.

The following sentence is added to ITEM 6 of this Franchise Disclosure Document:

> The highest interest rate allowed in California is 10% annually.

ITEM 5 of the Franchise Disclosure Document is amended to add the following:

> Due to Franchisor's financial condition, the State of California Department of Business Oversight has required, and Franchisor has agreed, to defer collection of the initial franchise fee until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

Image Studios 360 Franchise' Uniform Resource Locator ("URL") address for locating its internet website is: http://www.imagestudios360franchise.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA

HAWAII

1. The following list reflects the status of our franchise registrations in the states which have franchise registration and/or disclosure laws:

This registration is not currently effective in any state.

This proposed registration is on file with or will shortly be on file with the States of California, Hawaii, Illinois, Minnesota, New York, North Dakota, South Dakota and Washington.

There are no states which have refused, by order or otherwise, to register these franchises.

There are no states which have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to the Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 4.2, 16 and 18 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

Sections 4.2.9 and 18.2.3 of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

Section16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

3. The Receipt Pages are amended to add the following:

THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE,

> OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
>
> THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THE HAWAII SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF HAWAII OR WHO LOCATE THEIR FRANCHISES IN HAWAII

ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

THE ILLINOIS SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF ILLINOIS OR WHO LOCATE THEIR FRANCHISES IN ILLINOIS

INDIANA

. ITEM 8 of the Franchise Disclosure Document is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted by the Franchisee.

ITEMS 6 and 9 of the Franchise Disclosure Document is amended to add the following:

The Franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products which were required by franchisor, if such procedures or products were utilized by Franchisee in the manner required by franchisor.

ITEM 17 of the Franchise Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

ITEM 17(u) is amended to provide that arbitration between a Franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

THE INDIANA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF INDIANA OR WHO LOCATE THEIR FRANCHISES IN INDIANA

MARYLAND

The Disclosure Document is amended to state:

"Image Studios 360 has not registered the trademark, servicemark/logo in the State of Maryland. You are required to register the name "Image Studios 360" as a dba for the entity operating the franchise in the state where the franchise marketing area is located."

Item 17 of the Disclosure Document and Sections 1.03(m) and 5.04(c) of the Franchise Agreement are amended to state:

"Any release executed in connection with the Franchise Agreement is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

The Disclosure Document and Sections 9.01 and 10.02 of the Franchise Agreement are amended to state:

"Notwithstanding anything in this Agreement to the contrary, EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH, EXCEPT THAT THE UTAH BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH. YOU MAY BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW."

"Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of your franchise."

"Any limitation of claims provisions shall not act to reduce the three-year statute of limitations afforded a Franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law."

The Disclosure Document and Franchise Agreement are amended as follows:

"Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Maryland or requiring the application of the laws of another state is void with respect to a claim arising under the Maryland Franchise Registration and Disclosure Law."

"Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland."

"Pursuant to COMAR 02.02.0816L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

"Any provision in the Disclosure Document or Franchise Agreement or the agreements attached as appendices thereto that requires You to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

"Your acknowledgement and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that You assent to a release, assignment, novation, waiver, or estoppel which deprives You of rights and protections provided in this act. This shall not preclude You, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits us to refuse to renew your franchise without fairly compensating You by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than five (5) years and (ii) You are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or You do not receive at least six (6) months advance notice of our intent not to renew the franchise.

(e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude You from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires You to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if You have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to You unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ESCROW REQUIREMENTS (IF ANY): ______________________________________

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

To the extent required by law, the Disclosure Document and Franchise Agreement are modified as follows:

> "Any release executed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a Franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however that this shall not bar the voluntary settlement of disputes."

> "With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute Sec. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give You 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If Franchisor fails to give notice, the Franchise Agreement shall remain in effect from month to month until Franchisor has given the required notice."

"Minnesota Statute Sec. 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies provided for by the laws of the jurisdiction."

"Provided that You are in compliance with the terms and conditions of the Franchise Agreement, we will comply with Minnesota Statute Sec. 80C.12, Subd.1(g) which requires that the franchisor protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA

NEW YORK

The cover page of the Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page:

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

As a supplement to the information disclosed in this Disclosure Document, the following additional paragraphs are added:

1. Except as disclosed in **Item 3** of the Disclosure Document, neither we, our predecessors, affiliates nor any person identified in **Item 2** of this Disclosure Document:

   A. Has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against it or him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

   B. Has been convicted of a felony or pleaded *nolo contendere* to a felony charge or within the ten (10) year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

C. Is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, trade practice law, or any national securities association or securities exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange as a result of a concluded or pending action or proceeding brought by a public agency.

2. Except as disclosed in **Item 4** of the Disclosure Document, during the ten (10) year period immediately preceding the date of this Disclosure Document, neither we, our predecessors, affiliates or any person identified in **Item 2** of this Disclosure Document has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or a general partner in any partnership at or within 1 year of the time that such company or partnership was adjudged bankrupt or reorganized due to insolvency or is otherwise subject to any pending bankruptcy or reorganization proceeding.

3. You will not be required to indemnify us for any claims arising out of a breach of the Franchise Agreement by us or other civil wrongs committed by us.

4. We will not assign any of our rights under the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

5. Any release executed in connection with the Franchise Agreement is subject to the proviso that all rights enjoyed by You and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law of New York State be satisfied.

6. You may terminate the Franchise Agreement and any ancillary agreements upon any other grounds available by law.

7. The summary in **Item 17.w.,** <u>Choice of Law</u>, is amended to state the following:

   Utah law applies unless governed by applicable federal law. The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon Franchisee by the General Business Law of the State of New York.

The following modifications are made to the Franchise Agreement:

1. The last sentence of Section 3.02 is deleted and the following is substituted in its place: "Franchisor will make no changes to the Operations Manual that would impose an unreasonable economic burden on Franchisee or unreasonably increase Franchisee's obligations."

2. Section 5.01 is amended by adding the following to the end of that Section: "However, Franchisor will make no assignment except to an assignee who, in our good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement."

3. The following is added at the end of Sections 1.03(m) and 5.04(c): "; provided, however, that any release shall not apply to any claims arising under the provisions of Article 33 of the General Business Law of the State of New York."

4. The following is added to the end of the definition of "General Release" as set forth at the end of the Franchise Agreement, and to the end of the General Release attached to the Franchise Agreement as Appendix "J": "Nothing set forth in any release shall apply to any claims arising under the provisions of Article 33 of the General Business Law of the State of New York."

5. The following is added to the end of the first sentence of Section 2.10: "Notwithstanding the foregoing, Franchisee will not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by us or other civil wrongs of us."

6. The following is added to the end of Section 9.01(b): "Franchisor will seek no issuance of injunctive relief which would violate New York General Business Law Section 687.5.

7. The following sentence is added to the end of Sections 9.01 and 10.02 of the Franchise Agreement, and to and any other choice of law provisions appearing in any related documents attached as exhibits or appendices to the Franchise Agreement that are deemed to be in violation of New York law: "The choice of law provisions in this Section should not be considered a waiver of any right conferred upon Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York."

THE NEW YORK SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR WHO LOCATE THEIR FRANCHISES IN NEW YORK

<u>NORTH DAKOTA</u>

Sections of the Disclosure Document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring You to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement stipulating that You shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring You to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended to the extent required by law.

Sections of the Franchise Agreement requiring You to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended to the extent required by law.

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND

VIRGINIA

The following statements are added to Item 17.h:

> Pursuant to § 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following statements are added to Item 17.o:

> Pursuant to § 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a Franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a Franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA

WASHINGTON

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, to the extent required by Washington law.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, shall prevail.

A release or waiver of rights executed by You shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act may not be enforceable and are amended to the extent required by law.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer, to the extent required by Washington law.

In addition to the rights and responsibilities enumerated in the Disclosure Document and Franchise Agreement concerning termination and non-renewal, Washington State residents have certain rights under the Washington Franchise Investment Protection Act.

1. ITEM 5 of the Franchise Disclosure Document is amended to add the following:

> Due to Franchisor's financial condition, the State of Washington Department of Financial Institutions has required, and Franchisor has agreed, to defer collection of the initial franchise fee and the Development Fee until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON

WISCONSIN

ITEM 17 of the Franchise Disclosure Document is amended to add the following:

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of ___________________, 20__, and of the Franchise Disclosure Document. Except in the State of Maryland, this State Addenda applies only to the extent required by applicable state law.

DATED this _______ day of _____________________, 20__.

FRANCHISOR:

IMAGE STUDIOS 360 FRANCHISE, LLC
a Utah limited liability company

By:____

Title:____

FRANCHISEE

____

By:____

Title:____

By:____

Title:____

(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)

EXHIBIT H

TO DISCLOSURE DOCUMENT OF IMAGE STUDIOS 360 FRANCHISE, LLC

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Image Studios 360 Franchise, LLC offers You a franchise, Image Studios 360 must provide this Disclosure Document to You fourteen calendar days before You sign a binding agreement with, or make a payment to Image Studios 360 or an affiliate in connection with the proposed franchise sale or grant, or sooner if required by applicable state law.

> New York and Rhode Island require a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.
>
> Michigan and Washington require that we give You this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Image Studios 360 does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator listed in Exhibit A.

The name, principal business address, and telephone number of the franchise seller offering the franchise is: Jason Olsen, 551 West 400 North, Suite 103, Salt Lake City, Utah 84116, (801) 785-7858

Issuance Date: _, April 19, 2017

Image Studios 360 authorizes the agent listed in Exhibit A to receive service of process for Image Studios 360 in your state.

I received a Disclosure Document dated April 19, 2017, that included the following Exhibits:

Exhibit A - Schedule of State Administrators and Agents for Service of Process
Exhibit B - Image Studios 360 Franchise Agreement
Exhibit C - Image Studios 360 Development Agreement
Exhibit D - Image Studios 360 Operations Manual Table of Contents
Exhibit E - Reviewed Financial Statements for the fiscal year ending December 31, 2015 and December 31, 2016 and unaudited financials for December 31, 2014.
.
Exhibit F - State Specific Addenda
Exhibit G - Receipts

There are two available options for You to acknowledge receipt of this Disclosure Document. It is necessary for You to select one of the options, by signing and dating this receipt and checking the appropriate box, and then follow the instructions required by the option You select.

	Option 1: Please print, sign, and return to us via first class mail a paper copy of this receipt, at the address on the state cover page of the Disclosure Document.
	Option 2: Please print, sign, and transmit to us this receipt via facsimile at the fax number listed on the state cover page of the Disclosure Document.
	Option 3: Please print, sign, and email an electronic copy of this receipt to us at the email address listed on the state cover page of the Disclosure Document.

Date: ___________________________________ Date: ___________________________________

___________________________________ ___________________________________
Signature of Prospective Franchisee Signature of Prospective Franchisee

Print Name: ____________________________ Print Name: ____________________________

(YOUR COPY)

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Image Studios 360 Franchise, LLC offers You a franchise, Image Studios 360 must provide this Disclosure Document to You fourteen calendar days before You sign a binding agreement with, or make a payment to Image Studios 360 or an affiliate in connection with the proposed franchise sale or grant, or sooner if required by applicable state law.

> New York and Rhode Island require a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.
>
> Michigan and Washington require that we give You this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Image Studios 360 does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator listed in Exhibit A.

The name, principal business address, and telephone number of the franchise seller offering the franchise is: Jason Olsen, 551 West 400 North, Suite 103, Salt Lake City, Utah 84116, (801) 785-7858

Issuance Date: April 19, 2017

Image Studios 360 authorizes the agent listed in Exhibit A to receive service of process for Image Studios 360 in your state.

I received a Disclosure Document dated April 19 ,2017, that included the following Exhibits:

Exhibit A - Schedule of State Administrators and Agents for Service of Process
Exhibit B - Image Studios 360 Franchise Agreement
Exhibit C - Image Studios 360 Development Agreement
Exhibit D - Image Studios 360 Operations Manual Table of Contents
Exhibit E - Reviewed Financial Statements for the fiscal years ending December 31, 2015 and December 31, 2016 and unaudited financials for December 31, 2014.
.
Exhibit F - State Specific Addenda
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	Option 2: Please print, sign, and transmit to us this receipt via facsimile at the fax number listed on the state cover page of the Disclosure Document.
	Option 3: Please print, sign, and email an electronic copy of this receipt to us at the email address listed on the state cover page of the Disclosure Document.

Date: ______________________________ Date: ______________________________

______________________________ ______________________________
Signature of Prospective Franchisee Signature of Prospective Franchisee

Print Name: ______________________________ Print Name: ______________________________

(OUR COPY)