



FRANCHISE DISCLOSURE DOCUMENT

OF

DRAMA KIDS INTERNATIONAL, INC.



FRANCHISE DISCLOSURE DOCUMENT



Drama Kids International, Inc. a Maryland corporation 525-K East Market Street, #250 Leesburg, Virginia 20176 866-809-1055 doug@dramakids.com www.dramakids.com

As a DRAMA KIDS franchisee, you will operate a business that provides a drama-based program for children and teenagers aged 3-17 through a progressive curriculum that enables students to develop leadership, teamwork and social interaction skills, public speaking skills, acting skills, confidence, self-esteem and a positive approach to life.

The total investment necessary to begin operation of a DRAMA KIDS Director Level franchised business ranges from \$33,550 to \$38,950. This includes the \$29,000 initial franchise fee and \$1,250 fee for set up materials that must be paid to us.

The total investment necessary to begin operation of a DRAMA KIDS Executive Level franchised business ranges from \$62,050 to \$67,450. This includes the \$57,500 initial franchise and \$1,250 fee for set up materials that must be paid to us.

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Doug Howard, 525-K East Market Street, #250, Leesburg, Virginia 20176, (866) 809-1055, doug@dramakids.com.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "<u>A Consumer's Guide to Buying a Franchise</u>," 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 <u>www.ftc.gov</u> for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may be laws on franchising in your state. Ask your state agencies about them.

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO ARBITRATE WITH US OR SUE US IN VIRGINIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN MARYLAND THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. EXECUTIVE LEVEL FRANCHISES MUST MEET MINIMUM ANNUAL GROSS SALES QUOTAS IN ORDER TO RETAIN TERRITORIAL EXCLUSIVITY.
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

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