



FRED ASTAIRE

DANCE STUDIOS®

FRANCHISE DISCLOSURE DOCUMENT

FADS USA, INC.
(F/K/A MEGADANCE USA CORP.)

FRANCHISE DISCLOSURE DOCUMENT



Franchisor:
FADS USA, Inc.
A Delaware corporation
10 Bliss Road
Longmeadow, Massachusetts 01106
413-567-3200
franchising@fredastaire.com
www.fredastaire.com

FADS USA, Inc. (f/k/a Megadance USA Corp.) (“**FADSU**”) offers franchises for the operation of a studio that offers dance and dance fitness classes under the FRED ASTAIRE DANCE STUDIOS® mark (a “**Studio**”). The total investment necessary to begin operation of a FRED ASTAIRE DANCE STUDIOS® franchised business is \$254,600 to \$582,100. This includes \$41,000 to \$68,000 that must be paid to the franchisor or its affiliates. In addition, if you enter into a Development Agreement, you must pay us a development fee equal to \$70,000 to \$150,000 depending on the number of Studios that you commit to developing.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14-calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 the Legal Department at 10 Bliss Road, Longmeadow, Massachusetts 01106 (Tel: 413-567-3200) or at legal@fredastaire.com.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW., Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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STATE COVER PAGE

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

Call the state 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 RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION IN THE STATE WHERE OUR HEADQUARTERS IS LOCATED. CURRENTLY, OUR HEADQUARTERS IS IN MASSACHUSETTS. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE IN MASSACHUSETTS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE OUR HEADQUARTERS IS LOCATED GOVERNS THE FRANCHISE AGREEMENT. CURRENTLY, OUR HEADQUARTERS IS LOCATED IN MASSACHUSETTS. MASSACHUSETTS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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