

FRANCHISE DISCLOSURE DOCUMENT



M Room Group USA Inc. A Delaware Corporation 3510 Kraft Rd. Suite 200 Naples, FL 34105 Telephone 239-287-0813 www.mroom.com info@mroom.com

You will operate a business that provides an expansive array of hair cutting and male grooming services from an upscale barbershop environment to males living within the targeted area, and will also offer retail membership opportunities, male grooming products and relevant accessories called M GRoom.

The total investment necessary to begin operation of an M Room franchise is \$123,500.00 to \$326,500.00. This includes the \$20,000.00 to \$93,000.00 franchise fee that must be paid to the Franchisor.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Oskari Kariste at 3510 Kraft Rd. Suite 200, Naples, FL 34105 or 239-287-0813.

The terms of your contract will govern your franchise relationship. Don't rely on the Franchise 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 D.C. 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.

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

Issuing Date: January 2, 2017

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STATE COVER PAGE

Your state may have franchise laws that require 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 FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Attachment "F" 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 OUR 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 LITIGATION, MEDIATION OR ARBITRATION ONLY IN OUR HOME STATE (CURRENTLY FLORIDA). OUT-OF-STATE LITIGATION, MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE, MEDIATE OR ARBITRATE WITH US IN OUR HOME STATE THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA 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. THE FRANCHISE AGREEMENT PROVIDES THAT WE MAY TERMINATE THE FRANCHISE AGREEMENT IF YOU FAIL TO MEET YOUR MINIMUM DEVELOPMENT OBLIGATIONS AND SCHEDULE.
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

NOTE: THE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS. SEE ATTACHMENT "G".

EFFECTIVE DATE: January 2, 2017

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