



THE DAILEY METHOD®

FRANCHISE DISCLOSURE DOCUMENT
TDM FRANCHISE COMPANY, LLC
A California Limited Liability Company
1599 SIR FRANCIS DRAKE BLVD, #C
FAIRFAX, CALIFORNIA 94930
415-713-8440
www.thedaileymethod.com

Department of
Business Oversight

DEC - 1 2017

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TDM Franchise Company, LLC, offers franchises for exercise studios that offer a distinctive, effective and safe program for strengthening and stretching the major muscle groups in the body which combines ballet barre work, core conditioning, stretching and orthopedic exercises known as the "Dailey Method" We offer 3 franchise programs

Single Studio Program Under this program, you will sign a Franchise Agreement to operate one Dailey Method Studio at a site that we approve that you purchase or lease, customize and equip The total investment necessary to begin operations of one Dailey Method Studio is approximately \$199,800 to \$517,250, which includes \$38,950 to \$42,250 for each Dailey Method Studio that must be paid to us

Area Development Program Under this program, you will sign an Area Development Agreement under which we will assign you a defined area within which you must develop and operate a specified number of Dailey Method Studios within a specified period of time The total investment necessary to begin operations of 2 - 3 Dailey Method Studios under an Area Development Agreement is approximately \$211,800 to \$540,750 per Franchised Business, which includes \$48,950 to \$62,250 that must be paid to us

Dailey Cycle Program Under this program, you will sign a Franchise Agreement and a Dailey Cycle Addendum to the Franchise Agreement which will grant you the right to operate one Dailey Method Studio at a site that we approve that you purchase or lease, customize and equip and that will offer bicycle spinning classes at the Dailey Method Studio The total investment necessary to begin operations of one Dailey Method Studio is approximately \$199,800 to \$517,250, which includes \$38,950 to \$42,250 for each Dailey Method Studio that must be paid to us The additional initial investment necessary to begin operations of a Dailey Cycle Business at your Dailey Method Studio is approximately \$58,150 to \$232,865 which includes \$15,750 to \$16,500 that must be paid to us The total investment necessary to begin operations of one Dailey Method Studio with a Dailey Cycle Business is \$257,950 to \$750,115 which includes \$54,700 to \$58,750 that must be paid to us A Dailey Cycle Business may only be operated in an existing Studio

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English Read the disclosure document and all accompanying agreements carefully You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make any payments to the Franchisor, or an affiliate, in connection with the proposed franchise sale **Note, however, that no 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 Jill Dailey, 1599 Sir Francis Drake Blvd, #C, Fairfax, California 94930, (415) 713-8440

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 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 listed on **Exhibit F** 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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS OCTOBER 5, 2017

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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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed on Exhibit 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 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN LOS ANGELES, CALIFORNIA. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE AND ARBITRATE WITH TDM FRANCHISE COMPANY, LLC, IN CALIFORNIA THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE STATE IN WHICH THE FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS (WHICH IS CURRENTLY CALIFORNIA) GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT WHICH ALSO PLACES THE SPOUSE'S PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

4 THE FRANCHISEE OR AREA DEVELOPER WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$199,800 TO \$750,115. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS' EQUITY AS OF DECEMBER 31, 2016, WHICH IS \$7,936

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Dates See the Next Page for State Effective Dates

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