

FRANCHISE DISCLOSURE DOCUMENT

FIVE STAR BATH, LLC

A Utah limited liability company
998 River Hill Dr.
Spanish Fork, UT 84660

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www.fivestarbath.com



We are **FIVE STAR BATH, LLC** a Utah limited liability company. We offer franchises to qualified individuals and entities to own and operate a Five Star Bath Solutions™ franchise under our service marks, trade names, programs, and systems under the name “**FIVE STAR BATH SOLUTIONS.**” Our franchisees offer quality bathroom renovation services to the public under the Service Marks and the Five Star Bath Solutions programs and systems (the "Method of Operation").

We offer our most qualified franchisee candidates the exclusive opportunity to join our Executive Program, based on their experience and financing. Executive Program Franchisees must have at least 2 years of sales or business management experience managing the profitability of a business, department, or unit and at least 2 years of experience managing individuals. Executive Program Franchisees must also have a net worth over \$350,000, with liquid assets of at least \$125,000.

Executive Program Franchisees must purchase two franchises simultaneously when they join the Five Star Bath Solutions system. They must also be involved in the business at least 20 hours per week and hire a sales or operations manager. As a benefit of the Executive Program, we offer Executive Program Franchisees an option, after completion of their initial 12 months, to purchase up to two additional territories for \$20,000.00 each from our inventory of available territories at the time of the Executive Program Franchisee’s election to exercise the option. The Executive Program Franchisee may purchase these two additional franchise territories at a discounted Initial Franchise Fee if the Franchisee meets certain gross revenue requirements in the 12-month period.

The total investment necessary to begin operation of a **FIVE STAR BATH SOLUTIONS** franchise is **\$94,530 to \$166,100**, plus \$200 per 1,000 additional households of territory. This includes the initial investment of **\$45,000** that must be paid to us or our affiliate. Your initial

investment and initial fees are more fully described in Items 5, 6, and 7 of this Disclosure Document.

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 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 Chad Jones at 998 River Hill Dr., Spanish Fork, UT 84660 and (801) 804-1026.

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 "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.

ISSUANCE DATE: April 1, 2020

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 E 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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION, AND LITIGATION ONLY IN UTAH. OUT-OF-STATE ARBITRATION, LITIGATION AND MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE, ARBITRATE, OR MEDIATE WITH US IN UTAH THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT UTAH 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.

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 be sure to do your own investigation of the franchise.

Effective Date: [See the following page]

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