

Franchise Disclosure Document [FDD]



Silbar Franchise Group Corporation
 a Virginia corporation
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The Franchise offered is for the operation of a security service business that offers temporary and long term security solutions for businesses and organizations of all kinds. This is a service oriented business that provides professionally trained on-site security officers to help minimize crime and undesirable behavior, under the name "Silbar Security™".

The Initial Franchise Fee is \$15,000 to convert an existing security business into a Silbar Security business ("Conversion Model") or \$20,000 for a new startup business ("Standard Model") with protected rights to operate in a specific area defined by us. Additional franchises will be available for a reduced fee of \$10,000 per Franchise. The total investment necessary to begin operation of a Silbar Security™ Franchise is a range of \$33,850 to \$56,450 for a Conversion Model and from \$47,450 to \$83,600 for a Standard Model. This includes the Initial Franchise Fee of \$15,000 for a Conversion Model or \$20,000 for a Standard Model (as discussed in Item 5) that must be paid to the Franchisor or affiliate.

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 payment to, the franchisor or any affiliate in connection with the proposed franchise sale. **Note, however, 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:

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The terms of your contract will govern your franchise relationship. Don't rely on the 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 WWW.FTC.GOV for additional information. Call your state agency or visit your public library for other sources of information on franchising.

We currently do not engage the services of franchise brokers.

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 2 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 PERMITS THE FRANCHISEE TO ARBITRATE ONLY IN VIRGINIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH SILBAR FRANCHISE GROUP CORPORATION IN VIRGINIA THAN IN YOUR HOME 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 LAWS. YOU MAY WANT TO COMPARE THESE LAWS.
- 3) THE DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT.
- 4) WE CURRENTLY DO NOT ENGAGE THE SERVICES OF FRANCHISE BROKERS.
- 5) YOUR TERRITORY IS NOT AN EXCLUSIVE TERRITORY BUT A PROTECTED AREA AS FURTHER DESCRIBED UNDER ITEM 12 TITLED TERRITORY.
- 6) 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.
- 7) WE WERE FORMED ON DECEMBER 17, 2013, AND HAVE A BRIEF OPERATING HISTORY. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
- 8) THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES THAT MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

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