

OCT 28 2016

Department of
Business Oversight**FRANCHISE DISCLOSURE DOCUMENT****SBS SAN DIEGO CHANNEN CO. LLC (a California Company) d/b/a
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SBS SAN DIEGO CHANNEN CO. LLC d/b/a Stratus Building Solutions of METRO SAN DIEGO ("STRATUS OF METRO SAN DIEGO") grants franchisees the right to operate a comprehensive building maintenance care business, providing commercial cleaning, landscaping and maintenance services to interior and exterior environments of business and residential locations within a designated territory

The total estimated initial investment necessary to begin operation of a Stratus unit franchise ranges from \$3,750 to more than \$113,200. This includes the initial franchise fee which must be paid to STRATUS OF METRO SAN DIEGO is \$2,700 to \$66,000, depending on the type of a franchise plan you choose. You will also be required to purchase certain supplies and equipment prior to servicing your first client account. The cost of the basic initial supplies and equipment is estimated at \$850 to \$27,000.

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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, STRATUS OF METRO SAN DIEGO or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

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 an attorney 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 (FTC). 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.

This Disclosure Document is effective as of April 1, 2016.

STATE COVER PAGE

- A** 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.
- B** 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.

- C** THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN THE STATE OF CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
- D** THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS SUCH AGREEMENT, AND THIS LAW MAY NOT PROVIDE YOU WITH THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- E** THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISPUTES, CONTROVERSIES AND CLAIMS OF ANY KIND ARISING OUT OF OR RELATED TO THE FRANCHISE AGREEMENT BE FIRST SUBMITTED TO NON-BINDING MEDIATION PRIOR TO ARBITRATION.
- F** STRATUS OF METRO SAN DIEGO MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THIS DISCLOSURE DOCUMENT. HOWEVER, STRATUS OF METRO SAN DIEGO CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.
- G** THE FRANCHISE TERRITORY IN METRO SAN DIEGO IS NOT EXCLUSIVE AND FRANCHISEES MAY FACE COMPETITION FROM OTHER FRANCHISEES.
- H** ALL THE OWNERS OF THE FRANCHISE AND THEIR SPOUSES WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.
- I** STRATUS OF METRO SAN DIEGO HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE 1/1/14. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
- J** THERE MAY BE OTHER RISKS CONCERNING THIS MASTER FRANCHISE. INFORMATION ABOUT COMPARISONS OF FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN **EXHIBIT E** OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.

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 is *our* agent and 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 April 1, 2016

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