

**FRANCHISE DISCLOSURE DOCUMENT
PROSPECTIVE MASTER FRANCHISEES**

SBS Franchising, LLC

(a Delaware company)

10530 Victory Blvd.

North Hollywood, CA 91606 (888) 981-1555

www.stratusclean.com



SBS Franchising, LLC (“SBS”) grants master franchises providing for the right to sell and license individual commercial cleaning franchises using the Stratus Building Solutions system and trademarks known as a “unit franchise” to independent businesses within a designated territory. This franchise disclosure document covers the master franchise offering (the “Master Franchise”).

The Master Franchisee will operate a business offering unit franchises to operate a janitorial and building maintenance service under the name “**Stratus Building Solutions of _____**”, or “**Stratus of _____**.” The name will depend on the territory in which you are operating the Master Franchise. For example, if the Master Franchise territory is San Bernardino County, the name may be Stratus Building Solutions of San Bernardino County or Stratus of San Bernardino County. The DBA will be determined after purchase.

The total investment necessary to begin operation of a Stratus Master Franchise is from \$108,600 to \$710,000. This includes \$75,000 to \$575,000 that must be paid to Franchisor or its affiliate(s).

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 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 Afshin Cangarlu, CEO, at 10530 Victory Blvd., North Hollywood, CA 91606, (888) 981-1555.

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, DC 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.

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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 A** 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 MASTER FRANCHISE AGREEMENT REQUIRES THAT MOST DISPUTES, CONTROVERSIES AND CLAIMS ARISING OUT OF OR RELATED TO THE MASTER FRANCHISE AGREEMENT BE FIRST SUBMITTED TO NON-BINDING MEDIATION. IF MEDIATION FAILS, YOU ARE REQUIRED TO RESOLVE DISPUTES WITH US BY ARBITRATION NEAREST THE CITY WHERE OUR PRINCIPAL BUSINESS ADDRESS IS THEN LOCATED. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES.

2. YOU MUST MEET THE FOLLOWING REQUIREMENTS IN ORDER TO MAINTAIN THE EXCLUSIVE NATURE OF YOUR TERRITORY: IN THE SECOND YEAR AFTER OPENING YOU MUST MEET THE MINIMUM MONTHLY GROSS REVENUE REQUIREMENT OF \$40,000.00. IN THE THIRD YEAR, YOU MUST MEET THE MINIMUM MONTHLY GROSS REVENUE OF \$80,000.00. IN ADDITION, EACH YEAR THEREAFTER YOU MUST INCREASE YOUR MONTHLY GROSS REVENUE. IF YOU DO NOT MEET THESE MONTHLY MINIMUM REQUIREMENTS, SBS MAY:

- (A) REQUIRE YOU AND YOUR KEY EMPLOYEES TO ATTEND, AT YOUR SOLE EXPENSE, REMEDIAL TRAINING, AND/OR
- (B) CANCEL YOUR EXCLUSIVE RIGHT TO YOUR TERRITORY.

3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

4. THREE YEARS AFTER SIGNING THE MASTER FRANCHISE AGREEMENT, YOU MUST HAVE AT LEAST 36 OPERATING AND ACTIVE UNIT FRANCHISES WITHIN

YOUR TERRITORY, YOU MUST MAINTAIN AN UPDATED AND VALID FRANCHISE DISCLOSURE DOCUMENT FOR UNIT FRANCHISES, AND MUST CONTINUE TO ACTIVELY OFFER AND SELL NEW FRANCHISES, AS WE DETERMINE IN OUR SOLE DISCRETION. IF YOU DO NOT DO SO TO OUR SATISFACTION, YOUR MASTER FRANCHISE AGREEMENT MAY BE TERMINATED.

5. 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 make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/stratus-building-solutions>