



FRANCHISE DISCLOSURE DOCUMENT

ACE DURAFLO SYSTEMS, LLC
A Nevada Limited Liability Company
3122 West Alpine Street
Santa Ana, California 92704
www.aceduraflo.com
www.fixmypipes.com

Franchise Business: The ACE DuraFlo® franchise grants the right to use the ACE DuraFlo® name and our patented and proprietary technology to perform pipe restoration and related services, which we refer to in this Franchise Disclosure Document as the “Authorized Services.”

Total Initial Investment: The total investment necessary to begin operation of an ACE DuraFlo® franchise business for the (i) Residential/Limited Commercial Package is \$102,100 - \$261,075 (if you own an existing plumbing business) or \$146,700 - \$415,075 (if you do not own an existing plumbing business; (ii) mini E™ Package is \$24,900 - \$84,785 (same figures whether you own an existing plumbing business or not); and (iii) Drain Repair Package is \$19,100 - \$88,000 (same figures whether you own an existing plumbing business or not). This includes the Initial Fees that must be paid to us our or affiliates which range from \$34,900 - \$42,900 for the Residential/Limited Commercial Package and \$19,900 - \$24,900 for the mini E™ Package.

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 (or such earlier date as required by applicable state law - see State Addenda) 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 the disclosure document in another format, contact ACE DuraFlo Systems, LLC, 3122 West Alpine Street, Santa Ana, California 92704 (telephone: (800) 359-6369; fax: (714) 564-7607; e-mail: info@aceduraflo.com and sales@aceduraflo.com).

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, N.W., 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.

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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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, 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:

Risk Factors:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US FIRST BY NON-BINDING MEDIATION, AND, IF THAT DOES NOT RESULT IN RESOLUTION, BY LITIGATION. MEDIATION MUST TAKE PLACE AT OUR HEADQUARTERS. LITIGATION MUST OCCUR IN THE STATE OR FEDERAL COURTS LOCATED CLOSEST TO OUR HEADQUARTERS UNLESS WE BRING THE ACTION IN YOUR HOME STATE OR LOCAL LAW REQUIRES THAT THE ACTION BE BROUGHT IN YOUR HOME STATE. PRESENTLY, OUR HEADQUARTERS ARE IN SANTA ANA, CALIFORNIA, BUT WE MAY CHANGE THE LOCATION OF OUR HEADQUARTERS AT ANY TIME. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT NEVADA LAW GENERALLY GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. WE MAY APPOINT OTHER FRANCHISEES TO PERFORM, OR WE OR OUR AFFILIATES MAY PERFORM, AUTHORIZED SERVICES IN THE NON-EXCLUSIVE TERRITORY WHERE YOU OPERATE AS OUR FRANCHISEE. WE MAY ESTABLISH ALTERNATIVE CHANNELS OF DISTRIBUTION IN YOUR TERRITORY. SEE DISCLOSURES IN ITEM 12.

4. IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH PERSON WHO OWNS 10% OR MORE OF THE FRANCHISEE MUST SIGN A PERSONAL GUARANTY MAKING THEM PERSONALLY LIABLE FOR THE FRANCHISEE'S OBLIGATIONS.

5. IF YOU ARE MARRIED, YOUR SPOUSE MUST CONSENT TO YOUR EXECUTION OF THE FRANCHISE AGREEMENT AND AGREE THAT YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT ARE BINDING ON THE MARITAL COMMUNITY.

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