

FRANCHISE DISCLOSURE DOCUMENT

LINE-X FRANCHISING LLC
(a California limited liability company)
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(800) 831-3232
www.linex.com
www.ownalinex.com



Received
LA Mailroom

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Department of
Business Oversight

We offer for sale a franchise to operate a business that applies LINE-X brand polyurethane and polyurea based spray-on coatings that cover and protect truck beds and other light industrial products and sells truck accessories including TRUCK GEAR by LINE-X™ an exclusive accessory line

The total investment necessary to begin operation of a LINE-X Franchised Business ranges from \$118,001 to \$279,522. This amount includes \$50,401 to \$75,022 which must be paid to the Franchisor or an 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 payments 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 Tim Tykrka, Franchise Sales, LINE-X Franchising LLC, at 1862 Sparkman Drive, Huntsville, Alabama 35816, (877) 330-1331, and tykra@linex.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 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 listed on Exhibit A 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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS SEPTEMBER 30, 2015

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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed on **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 FRANCHISE AGREEMENT REQUIRES YOU TO SETTLE DISPUTES WITH US ONLY IN ALABAMA. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN ALABAMA THAN IN YOUR HOME STATE
- 2 THE FRANCHISE AGREEMENT STATES THAT ALABAMA 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
- 3 THE CHEMICALS USED IN THE CATALYTIC PROCESS MAY CAUSE SENSITIVITY FOR PEOPLE WITH ASTHMA OR OTHER RESPIRATORY AILMENTS. DIRECT CONTACT MAY CAUSE SKIN IRRITATION. YOU SHOULD CHECK WITH A DOCTOR BEFORE PURCHASING THIS FRANCHISE
- 4 AS A FRANCHISEE YOU ARE REQUIRED TO PURCHASE A PREDETERMINED AMOUNT OF LINE-X BRAND COATING ON A MONTHLY BASIS. YOUR FAILURE TO PURCHASE THE MINIMUM AMOUNTS MAY RESULT IN A REDUCTION OF YOUR TERRITORY OR TERMINATION OF YOUR EXCLUSIVITY WITHIN THE TERRITORY
- 5 THE SUPPLY AND PRICE OF OIL AND OIL-BASED PRODUCTS SUCH AS THE CHEMICALS USED IN THE CATALYTIC PROCESS FOR OUR BRAND COATINGS ARE VOLATILE. AS A RESULT THE SUPPLY AND PRICE OF THE CHEMICALS USED IN THE CATALYTIC PROCESS FOR THE LINE-X BRAND COATING MAY FLUCTUATE IF THE SUPPLY DECREASES AND IF THE DEMAND INCREASES. THIS MAY DECREASE THE REVENUE AND PROFIT OF THE OPERATION OF THE BUSINESS
- 6 OUR AUDITED BALANCE SHEET DATED JUNE 30, 2015 SHOWS WE HAD A NEGATIVE EQUITY OF (\$300,667) AND A WORKING CAPITAL DEFICIENCY OF (\$300,667)
- 7 YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$118,001 to \$279,522. THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBER'S EQUITY AS OF JUNE 30, 2015 WHICH IS REPORTED TO BE A DEFICIT OF (\$300,667)

8 YOU MAY BE SUBJECT TO A ROYALTY FEE OF 12% OF THE GROSS VOLUME OF THE LINE-X STORE IF YOU USE AND/OR OBTAIN DESIGNATED EQUIPMENT PRODUCTS AND/OR SERVICES FROM ANY SOURCE OTHER THAN OUR APPROVED SOURCE

9 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Dates 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/line-x>