

FRANCHISE DISCLOSURE DOCUMENT

LINE-X FRANCHISING LLC
(a California limited liability company)

1862 Sparkman Drive
Huntsville, AL 35816

Beginning on December 15, 2016,

our new address will be:

301 James Road

Huntsville, Alabama 35824

(800) 831-3232

www.linex.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 \$125,600 to \$319,830. This amount includes \$55,494 to \$96,860, 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 Lori Rigsby, Franchise Sales, LINE-X Franchising LLC, at 1862 Sparkman Drive, Huntsville, Alabama 35816 until December 15, 2016, then at 301 James Road, Huntsville, Alabama 35824, and at (877) 330-1331.

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 19, 2016.

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 BY LITIGATION OR ARBITRATION 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 LITIGATE OR 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, 2016, SHOWS WE HAD A NEGATIVE EQUITY OF (\$462,621) AND A WORKING CAPITAL DEFICIENCY OF (\$462,621).
7. YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$125,600 TO \$319,830. THIS AMOUNT EXCEEDS THE FRANCHISOR'S MEMBER'S EQUITY AS OF JUNE 30, 2016, WHICH IS REPORTED TO BE A DEFICIT OF (\$462,621).
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.

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 be sure to do your own investigation of the 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>