

FRANCHISE DISCLOSURE DOCUMENT



One Hour Air Conditioning Franchising, L.L.C.
a Florida Limited Liability Company
12 Greenway Plaza, Suite 250
Houston, Texas 77046
866-370-8302
www.onehourair.com

The franchise offered is a residential air conditioning and heating maintenance, repair and equipment replacement services franchised business.

The total investment necessary to begin operation of a One Hour conversion franchised business is \$81,805 to \$248,612. This includes \$45,120 to \$47,115 that must be paid to the franchisor or its affiliates. It does not include fees for a territory with a population greater than the minimum 100,000, for which we charge an additional \$430 for each 1,000 of population above 100,000. The total investment necessary to begin operation of a One Hour start-up franchised business is \$259,805 to \$535,862. This includes \$45,120 to \$47,115 that must be paid to the franchisor or its affiliates. It does not include fees for a territory with a population greater than the minimum 100,000, for which we charge an additional \$430 for each 1,000 of population above 100,000.

If you sign an area development agreement to develop more than one residential air conditioning and heating maintenance, repair and equipment replacement services franchised business pursuant to a development schedule, you must also pay an area development fee equal to (a) \$10,000 multiplied by (b) the number of residential air conditioning and heating maintenance, repair and equipment replacement services franchised businesses to be developed under the area development agreement.

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 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 disclosures in different formats, contact your personal Franchise Development Representative at 12 Greenway Plaza, Suite 250, Houston, Texas 77046 and 866-370-8302.

The terms of your contract will govern your franchise relationship. Do not 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, 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.

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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 FRANCHISE 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION OR, IN CERTAIN SITUATIONS, MEDIATION. ALL LITIGATION AND MEDIATION SHALL BE CONDUCTED ONLY IN THE STATE WHERE OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, CURRENTLY HOUSTON, TEXAS. OUT OF STATE LITIGATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE OR MEDIATE WITH US IN TEXAS OR ANOTHER STATE THAN IN YOUR OWN HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE STATE OF TEXAS GOVERNS THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY US A MINIMUM MONTHLY CONTINUING FRANCHISE FEE OF \$1,500 EVEN IF THE FRANCHISE HAS NO REVENUE.
4. THE FRANCHISE AGREEMENT REQUIRES YOU TO MAINTAIN MINIMUM SALES PERFORMANCE STANDARDS LEVELS. IF YOU FAIL TO DO SO, YOU COULD LOSE YOUR PROTECTED RIGHTS IN YOUR TERRITORY OR WE COULD TERMINATE YOUR FRANCHISE AGREEMENT AND YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT.
5. THE AREA DEVELOPMENT AGREEMENT REQUIRES YOU TO ACHIEVE MINIMUM REVENUE LEVELS IN EACH FRANCHISED BUSINESS DEVELOPED UNDER THE AREA DEVELOPMENT AGREEMENT. IF YOU FAIL TO DO SO, YOU MAY NOT BE ELIGIBLE TO CONTINUE DEVELOPING ADDITIONAL FRANCHISED BUSINESSES AND YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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