

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

OCT 12 2016

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.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of September 19, 2016.

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor's Name and Business Form

The franchisor is LINE-X Franchising LLC. To simplify the language in this Franchise Disclosure Document "we," "us," "our," "Franchisor" or "LINE-X" means the Franchisor, LINE-X Franchising LLC, a California limited liability company. The person, corporation, partnership or other entity that buys the franchise will be referred to as "you" and "your" throughout this Disclosure Document. If a corporation, partnership or other entity is the Franchisee, "you" generally includes the Franchisee's owners. Terms not defined in this Disclosure Document (including various capitalized terms) are defined in the Franchise Agreement.

We were formed in California on December 17, 2008. Currently, our principal business address is 1862 Sparkman Drive, Huntsville, Alabama 35816. On December 15, 2016, we will move our offices and our new principal business address will be 301 James Road, Huntsville, Alabama 35824. We do business under the name LINE-X Franchising LLC or in some cases, simply as "LINE-X".

Parents and Predecessors

Our predecessor, LINE-X Franchise Development Corporation ("LFDC") was incorporated in California on March 3, 1999. The majority of the stock of LFDC was acquired on August 23, 2005, by LFDC Holdings, Inc., ("LFDC Holdings"), which was incorporated in Delaware on August 19, 2005. LFDC Holdings, in turn, was a wholly owned subsidiary of LINE-X Acquisition LLC, a Delaware limited liability company ("LINE-X Acquisition") that was formed on July 26, 2005. On November 17, 2008, LFDC merged with LFDC Holdings, which subsequently merged into LINE-X Acquisition. On January 8, 2010, LXAPC ACQUISITION LLC ("LXAPC"), a Delaware limited liability company, merged with LINE-X Acquisition, with LINE-X Acquisition being the surviving entity and our parent. The principal business address for LINE-X Acquisition was 1862 Sparkman Drive, Huntsville, Alabama 35816.

On June 7, 2012, LINE-X Acquisition merged with LINE-X Merger Sub LLC, a Delaware limited liability company, and the surviving entity, LINE-X Merger Sub LLC, was renamed LINE-X LLC on the same date.

LINE-X LLC is now our parent and shares our principal business address. In the merger, LINE-X LLC ("Licensor") acquired all of the LINE-X® intellectual property assets and has granted us a license to franchise the LINE-X marks and system. LINE-X LLC currently owns and operates one LINE-X business similar to the franchise offered in this disclosure document.

LINE-X LLC is a wholly owned subsidiary of IXS Intermediate Holdings LLC (formerly known as LINE-X Intermediate Holdings LLC), a Delaware limited liability company formed on May 14, 2012, which is a wholly owned subsidiary of Innovative XCessories & Services LLC (formerly known as New LINE-X Holdings LLC), a Delaware limited liability company, also formed on May 14, 2012, which is a wholly owned subsidiary of IXS Holdings, Inc., a Delaware corporation formed on July 29, 2014, which is a wholly owned subsidiary of Olympus Growth Fund VI, L.P., a Delaware limited partnership, formed on January 11, 2013. Our indirect parent entities, IXS Intermediate Holdings LLC, Innovative XCessories & Services LLC, and IXS Holdings, Inc. share our principal business address at 1862 Sparkman Drive, Huntsville, Alabama 35816, which will change to 301 James Road, Huntsville, Alabama 35824 on December 15, 2016. The principal address of our ultimate parent, Olympus Growth Fund VI, L.P. is Metro Center, One Station Place, Stamford, Connecticut 06902.

On February 4, 2014, our former indirect parents LINE-X Intermediate Holdings LLC and New LINE-X Holdings LLC changed their names to IXS Intermediate Holdings LLC and Innovative XCessories & Services LLC, respectively.

On August 21, 2014, our previous ultimate parent LINE-X Holdings, L.P., a Delaware limited partnership filed on July 26, 2005, whose general partner was LINE-X Holdings GP, LLC, a Delaware

limited liability company formed on July 19, 2005, sold our indirect parent, Innovative XCessories & Services LLC (formerly LINE-X Intermediate Holdings LLC) to IXS Holdings, Inc.

We list our agents for service of process in **Exhibit A**.

Our Business Activities and the Franchises to be Offered

We grant franchises for the establishment and operation of businesses specializing in the application of LINE-X® brand spray-on protective coatings on truck beds and other in-store light industrial applications. The businesses also sell truck accessories, including Truck Gear by LINE-X™, an exclusive accessory line (collectively, the "System"). The distinguishing characteristics of the System include procedures and techniques for marketing and applying LINE-X® brand spray-on protective coatings; the sale of Truck Gear by LINE-X™ truck accessories; use of the LINE-X® Marks (the "Marks"); the LINE-X Confidential Operations Manual (the "Manual"); uniform operating methods, procedures and techniques; methods and techniques for recruiting, hiring and training employees, inventory, cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, and marketing and advertising, all of which may be changed, improved and further developed by Licensor or us from time to time. We call this the "Franchised Business."

We grant franchises for the operation of a single LINE-X franchised business at a single location ("LINE-X Store") within a defined territory using the Franchise Agreement attached to this Disclosure Document as **Exhibit B**. Under limited circumstances, and only in a written addendum, the form of which is described in Exhibit 2.1E to the Franchise Agreement, we may permit you to operate from multiple store-fronts in your designated territory.

We may, but are not required to, offer certain franchisees specialized training and certification, under the terms of a Mobile Applicator Agreement, to apply LINE-X brand coatings to surfaces away from the Premises, including, but not limited to, decks, foundations, retaining walls, roofs, boat hulls, ramps, cargo holds, silos, feed containers, storage tanks, playground equipment and trailers for horses and boats and other watercraft. You may not apply LINE-X brand coatings away from the Premises unless you have been approved, completed the required specialty training, and executed a Mobile Applicator Agreement. If you have executed a Mobile Applicator Agreement and would like to apply LINE-X brand coatings to any other surfaces than those listed above, we highly recommend you contact us first and receive our approval and guidance.

As an integral part of the Franchised Business, we, our parent, or an affiliate will sell you proprietary polyurethane and polyurea based products and other chemicals developed by Licensor which are the core ingredient of the LINE-X brand coatings that you spray or apply (the "Coating Products"). Our training, equipment ("Designated Equipment"), and the System are designed around our proprietary products, including, but not limited to, LINE-X® brand coatings and TRUCK GEAR by LINE-X™ (collectively, the "LINE-X Products"). We typically do not charge a royalty. One or more of our affiliates generates income from the sale of LINE-X Products to you. If you purchase other products or use non-approved products in connection with the Franchised Business, you will tarnish the Marks, you will defeat the economic purpose of the Franchise Agreement, and you will be in breach of the Franchise Agreement.

The Franchised Business targets its services to the general public and to businesses that have light industrial products which have been approved by us for the application of the Coating Products. These products have typically included decks, utility trucks, emergency vehicles, light industrial applications that can be transported to a franchise location, and truck bedliners. The market for truck bedliner applications is evolving, however, as more manufacturers either spray truck beds on their own, or hire third parties to spray the truck beds before delivery to dealers. The Franchised Business will compete with other local businesses, as well as local, regional or national chains of businesses offering similar polyurethane and polyurea based products and coating services, particularly, related to sales and installation of truck bedliners and other light industrial uses, which businesses may include vehicle manufacturers, dealerships and independent total service businesses. We and our affiliates may also

compete in this market by operating businesses that offer LINE-X brand (or any other brand) products and services, including businesses that specialize in the automotive and truck accessory aftermarket industry, but excluding the operation of a LINE-X Store located in your designated territory. We believe the market for the application of polyurethane coatings on truck beds and other light industrial products is developed, but is evolving as more applications are brought in-house by manufacturers, and new applications to replace them are developed by LINE-X, competitors and others.

Our predecessor LFDC offered franchises for LINE-X Businesses since April 1999. Neither we nor our predecessors have offered franchises in any other line of business. Our parent, LINE-X LLC, has never offered franchises for sale, nor have our indirect parents.

We have been offering franchises for sale since January 7, 2009. Our other business activities include industrial coatings and Paxcon (military and blast mitigation) applications used by the United States Military in coating items such as, ballistic panels, ballistic body armor, gun mounts and battery trays in Humvees. We do research to identify alternative uses for our coatings products. New uses may or may not be appropriate for the Franchised Business and may or may not be made available to franchisees in our sole discretion.

Affiliates and Other Information

LFDC had a former affiliate, Burtin Urethane Corporation ("BUC"), which was a California corporation incorporated in January 1982. Until April 2001, LFDC and BUC shared common shareholders. In April 2001, the stock of BUC was sold to an unrelated entity. BUC was the licensor of the LINE-X licensing program from April 1993 until September 2000. Also, BUC owned the trademark registrations listed in Item 13. As part of the sale of the stock of BUC, BUC transferred the existing license agreements and the trademark registrations to LFDC. These were assigned to LINE-X Acquisition LLC, who assigned the existing license agreements and franchise agreements to us on December 18, 2008.

BUC never operated an outlet similar to the LINE-X Business. BUC never offered franchises for a business similar to the LINE-X Business or in any other business. However, BUC offered licenses for a business using the LINE-X mark similar to the LINE-X Franchised Business from April 1993 until September 2000. The licensed business program differed from the franchised LINE-X Business system in that the license program was merely a product distribution system. It did not entail the comprehensive business system, marketing plan and uniform format of the franchised LINE-X Business. All license agreements have now expired under the licensed business program. The former licensees who wished to continue to operate under the Marks have signed a Franchise Agreement and converted to the franchised system. Neither we, nor our predecessor or parent offered licenses for businesses similar to the LINE-X Business or in any other business.

On September 28, 2009, we entered into a Cancellation Agreement with Northwest Urethane, Inc. ("NWU"), our subfranchisor for the states of Idaho, Montana, North Dakota, Oregon, South Dakota, Washington and Wyoming ("NWU Territory"). As part of the Cancellation Agreement, NWU assigned all its rights titles and interest in its existing franchise agreements to us. As part of the Cancellation Agreement and related agreements, NWU no longer acts as the subfranchisor in the NWU Territory, but does provide shipping and warehousing services in the NWU Territory.

On December 4, 2009, Advanced Protective Coatings, Inc., an Alabama Corporation, and regional subfranchisor of the Line-X System in 14 states throughout the southeast was merged into LXAPC. As noted above, LXAPC merged into LINE-X Acquisition on January 8, 2010, which was merged into LINE-X LLC on June 7, 2012.

On February 12, 2010, we entered into a Cancellation Agreement with Urethane Concepts Corp., Mark Hilliard and Paula Hilliard, ("Urethane"), our subfranchisor for the states of California, Hawaii and Nevada ("Urethane Territory"). As part of the Cancellation Agreement, Urethane assigned all its rights titles and interest in its existing franchise or license agreements to us.

On February 12, 2010, we entered into an Asset Purchase Agreement with Hilliard Enterprises, Inc., and Mark and Paula Hilliard ("HEI") for the purchase of a local franchise doing business as "LINE-X of Orange County", as well as equipment and other assets relating to the business.

On June 26, 2012, our indirect parent, LINE-X Intermediate Holdings LLC acquired Ground Effects, Ltd. ("GFX"), a Canadian provider of automotive accessories and "upfit" services, including spray-on truck bedliners to automotive manufacturers and other customers. LINE-X Intermediate Holdings LLC formed Ground Effects LLC, a Delaware limited liability company, on May 25, 2012, to operate a similar "upfit" business in the United States. Neither GFX nor Ground Effects LLC offer franchises for sale.

On November 1, 2013, our indirect parent, LINE-X Intermediate Holdings LLC acquired Canadian Poly Coatings Ltd. and Anchor Coatings Ltd., which were Alberta, Canada companies. These two companies were amalgamated into a newly created Canadian company, LINE-X Canada Ltd. ("LXC"), effective November 8, 2013. LXC is now a direct subsidiary of IXS Intermediate Holdings LLC (formerly LINE-X Intermediate Holdings LLC). LXC sells LINE-X franchises in Canada, similar to the Franchised Business we offer in the United States, as well as supports and sells chemical products and supplies to the previously established Canadian LINE-X franchise network.

On February 25, 2015, our indirect parent, LINE-X Intermediate Holdings LLC formed a new entity, LX Retail LLC, a Delaware limited liability company. LX Retail LLC currently owns and operates two (2) LINE-X retail stores in Texas similar to the Franchised Business offered in this disclosure document. LX Retail LLC began operating its first LINE-X retail store in April 2016. Its principal business address is 1862 Sparkman Drive, Huntsville, Alabama 35816, which will change to 301 James Road, Huntsville, Alabama 35824 on December 15, 2016. It does not offer or sale franchises in any line of business.

Industry Specific Regulations

Your Franchised Business will be subject to various federal, state and local laws, and regulations affecting the business, including federal and state environmental laws and regulations and various health, sanitation, safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations. You should examine these and other laws before purchasing a franchise.

The Payment Card Industry Data Security Standard ("PCIDSS") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCIDSS applies to all merchants, regardless of size or number of transactions that accept, transmit or store any cardholder data.

ITEM 2 BUSINESS EXPERIENCE

BOARD OF MANAGERS

Manager: Louis J. Mischianti

Mr. Mischianti has served on our Board of Managers and our parent LINE-X LLC's Board of Managers since August 21, 2014. Since May 1994, he has been a Managing Partner at Olympus Advisory Partners, Inc., a private equity firm located in Stamford, Connecticut.

Manager, Vice President and Assistant Secretary: James A. Conroy

Mr. Conroy has served on our Board of Managers and our parent LINE-X LLC's Board of Managers since August 21, 2014. He has also been our Vice President and Assistant Secretary since

August 21, 2014. Since April 1990, he has been a Partner at Olympus Advisory Partners, L.P., Inc., a private equity. All positions listed here for Mr. Conroy are located in Stamford, Connecticut.

Manager, Vice President and Assistant Secretary: Jason M. Miller

Mr. Miller has served on our Board of Managers and our parent LINE-X LLC's Board of Managers since August 21, 2014. He has also been our Vice President and Assistant Secretary since August 21, 2014. Since August 2007, he has been employed at Olympus Advisory Partners, Inc., a private equity firm, beginning as a Senior Associate, and then promoted to Vice President in 2010, and to Principal in 2011. All positions listed here for Mr. Miller are located in Stamford, Connecticut.

Manager, Vice President: James D. Scott

Mr. Scott has served on our Board of Managers and our parent LINE-X LLC's Board of Managers since August 21, 2014. He has also been our Vice President since August 21, 2014. On July 1, 2015, he became the Vice President of our indirect parent IXS Holdings, Inc. and a Member of their Board of Directors. Since February 1988, he has held the position of President for our affiliate Ground Effects LTD. All positions listed here for Mr. Scott are located in Windsor, Ontario, Canada.

OFFICERS AND EXECUTIVES

President: Dennis Weese

Mr. Weese has been our President since May 18, 2015, at our offices in Huntsville, Alabama. From February 2014 to May 2015, he was retired. From September 2007 to January 2014, Mr. Weese held the positions of President and Chief Operating Officer at Cash America International, Inc., a provider of specialty financial services to individuals, in Fort Worth, Texas.

Executive Vice President: Paul F. DeSmet

Mr. DeSmet has been our Executive Vice President since December 4, 2009, at our offices in Huntsville, Alabama. He also holds the position of Executive Vice President for our parent, Line-X LLC, since May 1999. From 1999 to December 2009, Mr. DeSmet was head of Operations in Huntsville, Alabama, for Advanced Protective Coatings, Inc., our former regional subfranchisor.

Executive Vice President of Operations: George S. Lezon

Mr. Lezon has been our Executive Vice President of Operations since December 2008, at our headquarters in Huntsville, Alabama. From April 2007 to November 2008, he was Vice President of Operations for our predecessor LFDC, located in Santa Ana, California and Huntsville, Alabama.

Chief Financial Officer and Secretary: James T. Garner

Mr. Garner has been our Chief Financial Officer and Secretary, in our Huntsville, Alabama office, since June 2011. Since May 2012, Mr. Garner has served as Chief Financial Officer of each of the GFX Acquisition Entities.

Vice President and Assistant Secretary: Robert J. Polakoff

Mr. Polakoff has been our Vice President and Assistant Secretary since August 21, 2014, working from Stamford, Connecticut. Since August 2013, he has been a Vice President at Olympus Advisory Partners, Inc., a private equity firm located in Stamford, Connecticut. From August 2011 to May 2013, Mr. Polakoff was pursuing a master's degree in business administration from the Wharton School of Business at the University of Pennsylvania.

Vice President of Business Development: Steve Decker

Mr. Decker has been our Vice President of Business Development in our Huntsville, Alabama office since May 2013. From February 2007 to May 2013, he served as Vice President of International Operations for us and our predecessor, LFDC, located in Santa Ana, California and Huntsville, Alabama.

Vice President of Product Development: Isidor (Terry) Pe

Mr. Pe has been our Vice President of Product Development since January 7, 2014, in our Huntsville, Alabama office. Prior to that, he held the position of Director of Product Development from July 2010 to January 2014, located in Santa Ana, California. From January 2007 to June 2010, he held the position of Senior Product Development Associate for us and our predecessor LFDC, in Santa Ana, California.

Vice President of Strategic Initiatives: Michael Magnuson

Mr. Magnuson has been our Vice President of Strategic Initiatives since July 2010, at our offices in Huntsville, Alabama. His responsibilities include franchise sales and training.

ITEM 3 LITIGATION

Franchisor Initiated Litigation:

LINE-X Franchising LCC and LINE-X LLC v. Ramsey Calnan, Katie Calnan and Calnan Enterprises, Inc. d/b/a LINE-X of Simi Valley. On August 25, 2016, in the United States District Court for the Northern District of Alabama, Northeastern Division (Case No. 5:16-cv-01400-MHH), we and our parent LINE-X LLC, who is the owner of the LINE-X trademarks, filed an action alleging breach of contract, federal trademark infringement, and unfair competition and are seeking monetary damages and injunctive relief against the former franchisee Calnan Enterprises d/b/a LINE-X of Simi Valley and its guarantors (collectively, the "Defendants"). We are also requesting a jury trial. On July 6, 2015, we terminated our franchise agreement (the "Franchise Agreement") with Defendants for cause. After termination of the Franchise Agreement, Defendants have refused to cancel their registered fictitious business name "LINE-X of Simi Valley" and are continuing to use the LINE-X marks. We allege that the Defendants are now a representative for one of our competitors and are deliberately, intentionally, and willfully violating the post-termination provisions of the Franchise Agreement by continuing to use the LINE-X trademarks on their websites, in their email addresses and elsewhere, and by offering and selling products and services using the LINE-X trademarks. A trial date has not yet been set.

Parent and Predecessor Litigation:

Concluded Actions:

Timber Horse Incorporated v. LINE-X Franchise Development Corporation. United States District Court for the Eastern District of Wisconsin, Case No. 08-C-0256, Filed February 29, 2008. Plaintiff Timber Horse Incorporated is a LINE-X licensee and originally filed suit against LFDC in the Circuit Court for Waukesha County, Wisconsin alleging violations of the Wisconsin Fair Dealership Law ("WFDL") for constructive termination and failure to provide proper notice, as well as breach of contract and of the covenant of good faith and fair dealing, and a violation of Wisconsin Statutes, Section 133.04 (price discrimination). Plaintiffs sought damages in an unknown amount as well as attorney's fees. Defendant LFDC successfully removed the case from State Court to United States District Court on March 20, 2008, and filed its answer March 28, 2008. On August 26, 2008, the US District Court granted LFDC's motion to dismiss the first claim, alleging violations of the WFDL. This matter settled on February 23, 2009. A confidential Settlement Agreement and Mutual Release was signed, \$185,000 was paid to Plaintiff, and Plaintiff signed a franchise agreement on February 23, 2009.

Except for the above actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

LINE-X Franchised Businesses

The Initial Franchise Fee for a single LINE-X Store is typically \$30,000. We will reduce the Initial Franchise Fee to \$20,000 for a second and additional LINE-X Store if you are an existing franchisee in good standing. If you are converting an existing coating business to a LINE-X Store, the Initial Franchise Fee will be reduced to \$20,000. The Initial Franchise Fee will be reduced to \$15,000 if your LINE-X Store is located in a small market area with a population under 60,000. US Military Veterans may qualify for a special program that offers a 25% discount (up to \$7,500) off the Initial Franchise Fee. (See below for details on the U.S. Military Veterans Program.)

The Initial Franchise Fee is considered fully earned upon payment. This fee will go into our general operating fund to be used to defray our costs of recruiting and qualifying new Franchises, as well as other operating expenses associated with our business.

U.S. Military Veterans

To provide support to veterans of the U.S. military forces, we offer to all qualifying veterans the opportunity to purchase an initial franchise at a discount of 25% off the Initial Franchise Fee. This program is available for all veterans who have received an honorable discharge from any branch of the U.S. Military or Coast Guard, and is available for new franchisees only. The program is available only to qualified veterans operating their franchise as individual proprietors, or who hold a majority ownership interest in a partnership, corporation, or limited liability company which owns the franchise. The price reduction applies only to the first franchise acquired by a veteran. If you are a partnership, corporation or limited liability company, your status as a participating veteran must be submitted to us before you sign the Franchise Agreement, and you must maintain a majority interest in the partnership, corporation or limited liability company for a minimum of three consecutive years after executing the Franchise Agreement, or you will be required to pay us the initial savings of \$7,500.

Except as provided above, the initial franchise fee is uniform to all franchisees under this offering.

Initial Franchise Fee Non-Refundable

The Initial Franchise Fee described above is fully earned and non-refundable except as provided below:

1. If no acceptable site is found and approved within 120 days from the date on which the Franchise Agreement is signed, either we or you can terminate the Franchise Agreement and we will refund the initial franchisee fee, less expenses we incur in providing site selection assistance to you and other expenses we incur, in an amount not to exceed \$10,000.
2. If we determine, in our sole discretion, that you are unable to satisfactorily complete our required training program, we may require you to attend additional training at your expense or terminate the Franchise Agreement upon which we will return the initial franchise fee.

Different Initial Franchise Fees

We may reduce the Initial Franchise Fee if and when we determine it is warranted by a unique or

compelling situation or under special programs, as mentioned above. In the past year, we have sold franchises for an Initial Franchise Fee ranging from \$10,000 to \$30,000.

Territory Deposit

If you would like us to hold a particular territory for you up to 60 days or until you sign the Franchise Agreement, we will accept a refundable deposit equal to 50% of the Initial Franchise Fee to hold the territory (the "Territory Deposit"). When you sign the Franchise Agreement, we will apply the Territory Deposit to the Initial Franchise Fee due for the LINE-X Store. If you decide not to purchase a franchise, we will refund the Territory Deposit up to 60 days from our receipt of it. After 60 days, the Territory Deposit is not refundable.

Equipment Package

In addition to the Initial Franchise Fee, you must purchase an Equipment Package before your Franchised Business opens, as described in Items 7 and 8, from our affiliate, LINE-X LLC. The cost of the Equipment Package ranges from \$33,244 to \$59,610. The cost of the Equipment Package is non-refundable. Please see **Exhibit J** for the Equipment Package List.

Initial Inventory of Coating Products

You must purchase a minimum initial inventory of the Coating Products before your Franchised Business opens. You will purchase this product from us or LINE-X LLC. The cost of the minimum "Standard" Initial Inventory of Coating Products is \$7,250 and is described in Items 7 and 8. The cost of the Initial Inventory of Coating Products is non-refundable. Please see **Exhibit K** for the Initial Inventory List of Coating Products.

ITEM 6 OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fees ¹	Typically, none. In certain situations, we may charge 5% or 12% (For details, see Note 1, below.)	Monthly	
LINE-X Brand Coatings, Chemicals, and Equipment ²	Approximately \$3,500 per month. (Includes 925 pounds per month at approximately \$3.38 per pound for our most popular product)	Monthly	You are required to purchase coatings and proprietary chemicals from us, or an affiliate. We provide nearly 250 chemicals, additives, catalysts, activators, parts, equipment and other related products that you will need to spray coatings.
TRUCK GEAR by LINE-X truck accessories	Varies, depending upon the amount and type of accessories purchased	As incurred	You will purchase these proprietary truck accessories from our approved supplier's web-based program. Currently, our approved supplier is Keystone.

Name of Fee	Amount	Due Date	Remarks
Marketing Fund	Either: (i) \$.10 - \$.20 per pound of Coating Products purchased from us, or (ii) 1% -5% of Gross Volume	Payable at the same time and in the same manner as you pay for Coating Products or monthly if based on Gross Volume.	You must be in Good Standing to receive benefits of programs and materials created by the Marketing Fund.
Local Advertising	5% of Gross Volume. ³	Quarterly	We recommend that you spend at least this amount on local advertising and promotion of the Store each quarter. You pay directly to local suppliers.
Advertising Co-Ops	Co-op Assessments	When levied	We have the right to enforce payments. Amounts may vary. Each company-owned unit and franchisee-owned unit shall have 1 vote.
Late Fees	The greater of the highest applicable legal rate for open account business credit, or 1.5% per month	After due date	Applies to all advertising contributions and amounts due for purchases from us.
Supplier / Supplies Approval	Reasonable cost of inspection and actual cost of test not to exceed \$2,000	Time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved.
Insurance Policies ⁴	Amount of unpaid premium	Must have the policies within 60 days after signing the Franchise Agreement, but no later than the time that you acquire an interest in the real property and/or vehicle(s) from which you will operate the Franchised Business	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	\$10,000	At the time of transfer	We may reduce this fee if the transfer is made under compelling circumstances (e.g., internal family transfer.)
Renewal Fee	Not Applicable		Not Applicable
Additional Training	\$500 per day plus expenses	Time of service	Additional training is at your cost.

Name of Fee	Amount	Due Date	Remarks
Continuing Education	You must pay your expenses as well as your employees' expenses in attending these programs	Time of program	Refresher/update training programs or seminars are at your sole expense.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You will reimburse us for all costs in enforcing our obligations concerning the Franchise Agreement if we prevail.
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business.
Upgrades and Maintenance ⁵	Cost of required changes or modifications to the System.	Time of modification	You will make these expenditures as we require to comply with modifications to the System. Payable to suppliers.

All fees are uniformly imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party. Any fees paid to us are non-refundable unless otherwise noted. Fees payable to third parties are refundable based on your individual arrangements.

¹ **Royalty Fees.** We typically do not charge a royalty on the revenue that you generate from spraying and selling the LINE-X Products. We generate income from the sale of LINE-X Products to you. You and we have agreed on your commitment to purchase only the LINE-X approved Designated Equipment, LINE-X Products and Services from us. Your use of the Coating Products and System may attract customers with coating requests on items for which the Coating Products are not appropriate to use. In these instances, if you contact us in advance, we may, but are not obligated to, approve your use of non-LINE-X coating products. We will charge you a royalty of five percent (5%) on the revenue you generate from the use of any non-LINE-X coating product.

If you use and/or obtain Designated Equipment, products and/or services from any source other than the source we require, (or if such restrictions are unenforceable for any reason,) we may terminate this Agreement, or we may require you to pay us a royalty of twelve percent (12%) of the Gross Volume of your LINE-X Store during any period in which you are in violation of the provisions of subsection 8.2 of the Franchise Agreement. "Gross Volume" means all revenues (including the proceeds from any Business Interruption insurance) derived, directly or indirectly, from all business conducted upon, from or in connection with the Franchised Business.

We may in the future decide to decrease the cost of LINE-X Products sold to you and charge you a royalty instead to generate income.

² **Coatings, Chemicals and Equipment.** We offer nearly 250 chemicals, additives, catalysts, activators parts, equipment and related products, ranging in price from \$1.50 per pound to \$4.45 per pound. Our most popular chemical, the XS-100 A&B sells for \$3.38 per pound, and you are required to purchase at least 925 pounds per month per 100,000 population in your territory to meet minimum performance standards. Coating Products come in 1 gallon and 5 gallon containers, and 55 gallon

drums, depending on quantity and type of chemical. In addition to chemicals, we offer equipment, pigments (ranging from \$3.45 per pound to \$5.30 per pound), accessories, tape, and products for cleaning equipment. We reserve the right to change our prices to respond to fluctuations in commodity prices, the price of oil, scarcity, and other factors that may affect our manufacturing or distribution costs.

³ **Gross Volume.** The term “Gross Volume” means all revenues (including the proceeds from any Business Interruption insurance) derived, directly or indirectly, from all business conducted upon, from or in connection with the Franchised Business.

⁴ **Insurance Policies.** The following is a list of the required coverage with their respective minimum limits of coverage:

The policy or policies will be written by a licensed insurance company satisfactory to us in accordance with standards and specifications set forth in the Manual or otherwise in writing and will include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees periodically in the Manual or otherwise in writing), the following:

(i) All “**Risks**” or “**Special**” form coverage insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the LINE-X Franchised Business.

(ii) Workers’ Compensation and Employer’s Liability insurance as well as such other insurance, with statutory limits, as required by law in the jurisdiction where the Franchised Business is located. Employers Liability or “Stop Gap” insurance with limits of not less than \$1,000,000 each accident.

(iii) Commercial General Liability insurance, Occurrence form, including a per location or project aggregate, with the following coverages: owners and contractors protective liability broad form property damage, contractual liability, personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring franchisor and franchisee against all claims, suits, obligations, liabilities and damages, including attorneys’ fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Franchised Business including general aggregate coverage in the following limits:

<u>Required Coverage</u>	<u>Minimum Limits of Coverage</u>
General Aggregate	\$2,000,000.00
Products/Completed Operations Aggregate	\$1,000,000.00
Personal and Advertising Injury	\$1,000,000.00
Each Occurrence.....	\$1,000,000.00
Fire Damage (any one fire)	\$100,000.00
Medical Expense (any one person)	\$5,000.00
Garage Policy	\$50,000.00 (limit)
(covers physical damage to customer vehicles)	

(iv) Pollution/Environmental Legal Liability Insurance, \$1,000,000 each Occurrence and a \$2,000,000 Aggregate, covering bodily injury, property and environmental damage including clean up, removal, containment and treatment of pollutants, arising out of the Franchised Business operations. The policy must include coverage related to the handling, transportation, storage or disposal of pollutants. If the policy is on a claims made form, it must provide a retroactive date prior to the commencement of operations of the Franchised Business, and, an extended claims reporting period of not less than 3 years after the expiration or termination of the Franchise Agreement.

(v) Business interruption insurance for actual losses sustained for a twelve (12) month period minimum.

(vi) Automobile Liability Insurance, including owned, hired and non-owned vehicles coverage, with a combined single limit of at least \$1,000,000.00.

(vii) Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 6 of the Franchise Agreement.

(viii) Such additional insurance and types of coverage as may be required by the terms of any lease for the Premises, or as may be required from time to time by us.

Your insurance must name us as an additional insured and contain a clause requiring notice to us thirty (30) days in advance of any cancellation or material change to any such policy. You must maintain such additional insured status for us on your general liability policies continuously during the term of the Franchise Agreement.

You must furnish us with a certificate(s) of such required insurance, within sixty (60) days of the signing of the Franchise Agreement, but in no event later than thirty (30) days prior to commencement of operations of the Franchised Business, and, on any renewal of such insurance while the Franchise Agreement is in effect.

We reserve the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. We will provide you with written notice of any change in our insurance requirements. You will have 60 days from receipt of such notice to revise your coverage, as specified in the notice

Should you for any reason not procure and maintain the insurance coverage required by the Franchise Agreement, we will have the right and authority (without, however, any obligation to do so) to immediately procure the insurance coverage and to charge same to you.

⁵ **Upgrades and Maintenance.** We may change or modify the System that is presently identified by the Marks including, the adoption and use of new or modified Marks or copyrighted materials, including brand conversion for the application of the LINE-X brand spray-on coatings. You may be responsible for any reasonable conversion costs.

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ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ²	\$15,000 - \$30,000	Lump Sum, in cash or certified check.	On signing of the Franchise Agreement.	Us
Initial Training Expenses ³	\$1,000 - \$2,500	As arranged	As incurred	Transportation carriers, hotel facilities, etc.
Real Estate ⁴	\$13,400 - \$30,000	As arranged	As incurred	Landlord
Leasehold Improvements ⁵	\$3,500 - \$15,000	As arranged	As incurred	Approved Suppliers
Insurance ⁶	\$450 - \$2,000	As arranged	Before Opening Your Business	Insurance Carrier
Utilities ⁷	\$500 - \$1,500	As arranged	As incurred	Utility Suppliers
Vehicles ⁸	\$1,000 - \$30,000	As arranged	As arranged	Approved Suppliers
Graphics Package ⁹ (Includes Interior and Exterior Signage)	\$5,000 - \$34,000	As arranged	As incurred	Approved Supplier and/or Us or Our Affiliate
Licenses and Permits ¹⁰	\$500 - \$1,500	As arranged	As arranged	Local, State or Federal Government
Office Equipment/Supplies ¹¹	\$3,150 - \$5,000	As arranged	As incurred	Us or Approved Suppliers
Initial Inventory of Coating Products ¹²	\$7,250	As required	As incurred	Us or Our Affiliate
Opening Advertising ¹³	\$2,000 - \$3,000	As required	First 3 months of operation	Vendors
Uniforms ¹⁴	\$250 - \$500	As arranged	As arranged	Approved Suppliers
Equipment Package ¹⁵	\$33,244 - \$59,610	As arranged	As arranged	Us or Our Affiliate
Additional Equipment ¹⁶	\$4,356 - \$7,970	As arranged	As arranged	Approved Suppliers
Application Booth ¹⁷	\$10,000 - \$40,000	As arranged	Before opening	Approved Suppliers
Additional Funds – 3 months ¹⁸	\$25,000 - \$50,000	As arranged	As incurred	Employees, vendors, utilities
TOTAL ESTIMATED INITIAL INVESTMENT ¹⁹	\$125,600 - \$319,830			

Note: All amounts are non-refundable unless otherwise noted.

¹ **General.** The initial investment table shows certain expenditures required to establish and operate a Traditional LINE-X Store. Note that these amounts may vary widely, and the amounts you have to spend or invest may be higher or lower than the estimated amounts, depending on location, marketing conditions and other factors. We strongly recommend that you verify actual costs in your area, and for your intended location, and prepare a business plan and have it reviewed by your own independent accountant, before making any commitments to us or anyone else. Due to legal restrictions, we will not prepare, review or comment on any business plan for a prospective Franchisee.

All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first 3 months of operation only. Leasing and financing is available for many of the above expenses. We do not offer direct or indirect financing, but we may assist you in obtaining working capital through other sources. See Items 5 and 6, and other parts of this Disclosure Document, for more information regarding Initial Franchise Fees and other costs.

² **Initial Franchise Fee.** The Initial Franchise Fee for a single LINE-X Store is typically \$30,000. This fee will be reduced for a 2nd and additional LINE-X Store, conversions, small market areas, and under our program for veterans. Please see Item 5 for more details on the Initial Franchise Fee and the requirements to qualify for a reduced fee.

³ **Initial Training Expenses.** The initial training program for you and one other person is included in the Initial Franchise Fee. However, you are solely responsible for all costs incurred by you in attending the initial training program and any other voluntary or mandatory training programs, seminars or meetings (e.g., transportation, meals, lodging and other expenses). The amount you spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed.

⁴ **Real Estate.** The high end of the initial investment represents a lease rate of \$15 per year per square foot for 6,000 square feet of space. The low end represents the lease rate of \$10.05 per year per square foot for a 4,000 square foot space. You may also be required to pay a security deposit equal to a month's rent. The estimate covers 3 month's rent and 1 month's rent as a security deposit.

Since rental, improvement and other real-estate-related costs can vary significantly by area, it's your responsibility to (1) independently research all applicable laws and regulations, and real estate market conditions and costs, where you plan to locate and operate your facility, and (2) obtain appropriate advice from your own accountant, attorney and real estate professional, before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

⁵ **Leasehold Improvements.** The low-end of the range reflects a partial build-out and the high end reflects the cash outlay for a complete build-out.

⁶ **Insurance.** Insurance costs can vary widely, and may be more than shown here. The range disclosed is for 3 months of insurance premiums. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

⁷ **Utility Deposits.** A utility deposit will be required only if you are a new customer of the utility company.

⁸ **Vehicles.** You are required to have a pickup truck that is no older than 7 years and approved by us in the operation of your LINE-X Franchised Business. The low-end estimate represents the down payment on a leased pickup truck and the high-end estimate represents the straight purchase of a pickup truck. You must also purchase a graphics package for use on your pickup truck, as described in Note 9, below.

⁹ **Graphics Package.** The Graphics Package includes interior and exterior signage and other graphics containing the LINE-X logo, which you are required to use on your pickup truck(s) and LINE-X Store, including wall coverings, the welcome counter, flooring, menu board, and product displays. The cost of your signage may be more or less, and depends on the size, type and method of installation you choose.

¹⁰ **Licenses and Permits.** The range of costs covers the expense to acquire the required local business permits. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your LINE-X Franchised Business. Our estimated costs include building permits, fire inspection, sales tax permit, and retail sales permits. If an electrical permit is necessary, the costs may be more. You should investigate applicable requirements in your area and the related costs, including receiving advice from regulatory agencies and your own lawyer, before making any commitments, whether to us or anyone else.

¹¹ **Office Equipment/Supplies.** There is a range of expenses that will be incurred when purchasing office equipment and related supplies. Both the low-end and the high-end numbers represent a straight purchase of all supplies and equipment. The equipment will include a computer, QuickBooks Pro accounting software, a fax machine and telephone system.

¹² **Initial Inventory of Coating Products.** The Initial Inventory of Coating Products includes two 55-gallon drums of component A; two 55-gallon drums of component B Black; one 1-gallon can of premium ISO; one 1-gallon can of premium resin; and one 5-gallon can of Black POP Pigment. Some Coating Products are included in the Equipment Package, but you must purchase this additional amount of initial inventory.

¹³ **Grand Opening Expenses.** We recommend that you spend a minimum of \$2,000 to promote the opening of your LINE-X Store, but we do not require it.

¹⁴ **Uniforms.** The range of costs covers the expense to acquire uniforms.

¹⁵ **Equipment Package.** The low-end of the range represents the amount we charge for the initial basic Equipment Package which includes: one high pressure proportioning unit, 2 enhanced solid state heaters, one 50 foot heated dual hose with a 10 foot heated whip, one high pressure air purge impingement spray gun, and more as listed in the detailed Equipment Package in **Exhibit J**. Additional items and materials are included in the higher-end Equipment Packages.

¹⁶ **Additional Equipment.** This equipment is not included in the Equipment Package. You may purchase from us or a local supplier. You will need to purchase one 7.5 horsepower air compressor and a refrigerated air dryer delivering 25 -27 cubic feet per minute of dry continuous air at 110 psi.

¹⁷ **Application Booth.** You may be required by OSHA Standards to install an application booth in which to provide the spray-on bedliner. All franchisees are required to utilize an application booth, although the type (e.g., 2-sided, 4-sided, or fully enclosed) may vary according to local regulations.

¹⁸ **Additional Funds.** This is an estimate of certain funds needed to cover your business (not personal) expenses during the first three months of operation of your LINE-X Business. It includes payroll costs but not any draw or salary for you. This amount is an estimate and we cannot guarantee that you will not have additional costs in operating your Franchised Business. Your cost will depend upon your

management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition and sales of your Franchised Business during the period.

You will need capital to support on-going costs of your business, such as taxes, loan payments and other expenses, to the extent that revenues do not cover business costs. New businesses (franchised or not) often have larger expenses than revenues.

In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living," unrelated business or other expenses you may have.

We relied on the business experience of our predecessor, LFDC since 1999 and the experience of BUC to compile this estimate. The availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

¹⁹ **Total Estimated Initial Investment.** All of the above figures are estimates of certain initial start-up expenses. The total listed above does not include compensation for your time or labor or any return on your investment. Your costs will vary depending on such factors as: how closely you follow the LINE-X System; your management and marketing skills, experience and general business ability; and local and general economic conditions, including disposable income. In preparing the figures in this chart, we relied on the combined experience of our executive officers in the polyurethane and polyurea based spray-on coatings business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Before you begin operations, you must purchase an Equipment Package from our affiliate, LINE-X LLC. The Equipment Package consists of equipment and supplies necessary for you to provide spray-on bedliners. LINE-X LLC (i) is the only approved suppliers of the Equipment Package, and (ii) will derive revenue as a result of your purchase of the Equipment Package. Your purchase of the Equipment Package represents approximately 19% to 26% of your initial investment and 5% of your ongoing expenses.

In operating your Franchised Business, you will utilize certain proprietary or private-labeled coatings, chemicals, products and other merchandise and products bearing the Marks defined in this Disclosure Document as the "LINE-X Products". In order to protect our trade secrets and to monitor the manufacture, packaging, processing and sale of LINE-X Products, we will (i) sell LINE-X Products to franchisees; and/or (ii) disclose the designs or specifications of LINE-X Products to a limited number of suppliers who will sell the LINE-X Products to franchisees. We anticipate that your purchases of LINE-X Products will be approximately 10% of your initial investment and approximately 33% of your ongoing expenses. Currently, you must purchase these products from us or our affiliate. We or our affiliate will derive revenue from your purchases of LINE-X Products.

Approved Supplies and Suppliers

Your LINE-X Store will purchase, use, offer and deal with each of and only Designated Equipment, LINE-X Products and services, and deal with suppliers, as are specified by us from time to time. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our Business Judgment. These suppliers may include, and may be limited to, us, a Franchisor-Related Person/Entity and/or a designee of ours. On notice by us, you will immediately cease and desist from using/offering any equipment, products, and/or services otherwise not authorized by us. Several of our officers hold an ownership interest in our affiliate and approved supplier,

LINE-X LLC.

We, our parent, or an affiliate are the only approved suppliers of the proprietary polyurethane and polyurea based products and other chemicals which are the core ingredient of the LINE-X brand coatings that you spray or apply.

We can require that various Designated Equipment, products and/or services only be supplied by us, a Franchisor-Related Person/Entity and/or a designee of ours and we and/or one or more Franchisor-Related Person/Entities may derive additional revenues (and possibly profits) as a result of your purchases of such Designated Equipment, products and services.

Currently, we require you to purchase all your TRUCK GEAR by LINE-X accessories from a single approved supplier, Keystone Automotive Operations, Inc. ("Keystone"), through their web-based program "virtual warehouse." Before purchasing any of the TRUCK GEAR products from Keystone, you will be required to sign a "Franchise Data Release Authorization and Confidentiality Agreement," in the form attached as **Exhibit L**. We will receive a nominal rebate for your purchases from Keystone.

You can request the approval of an item, product service or supplier by notifying us in writing and submitting such information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We will notify you of our decision within 30 days of our receipt of all requested information from you.

We may condition and/or revoke our approval of particular items or suppliers as we choose. Our criteria for supplier approval are available to you. Designation of a supplier may be conditioned on factors established by us in our Business Judgment, including, without limitation, performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may approve, or revoke or deny approval, of particular items or suppliers in our Business Judgment. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our Business Judgment and there's no assurance we'll designate more than one supplier for any item, including situations in which we or an Affiliate are the only designated supplier.

We may negotiate volume purchase agreements with some vendors for the purchase of goods and equipment needed to operate your Franchised Business. Currently, we negotiate with vendors pricing for compressors and spray booths for the benefit of LINE-X Franchisees.

Our specifications and standards for purchasing are in the Manual, as modified periodically.

Certain suppliers may make payments to us in the future because of transactions with franchisees. We will retain up to 100% of the rebates, commissions or other consideration paid by suppliers resulting from transactions with franchisees or may contribute up to 100% of the rebates and commissions to the Advertising Fund. We provide no material benefits to you based on your use of designated or approved suppliers.

Computer Hardware and Software

Currently, we do not have proprietary software that we require you to purchase, but do require that you have computer hardware and software, which meet the minimum requirements to operate a business of this nature, which have Internet access and e-mail capability, and include QuickBooks Pro accounting software. We reserve the right to develop a point-of-sale ("POS") system and/or operational software in the future, which you will be required to obtain and use in the operation of the Franchised Business. You are solely responsible for obtaining your own employee-scheduling software.

Derived Revenue

During our fiscal year ended June 30, 2016, we did not receive any revenue, rebates or other

material benefits from required purchases or leases by LINE-X Franchisees. For the fiscal year ended June 30, 2016, the revenues for our affiliate LINE-X LLC as a result of franchisees' and licensees' required purchases of coating chemical, and equipment sales were \$52,278,944, which represents 76.54% of LINE-X LLC's total revenues of \$68,298,902. The sources of this information are the financial books and records of LINE-X LLC.

We don't condition providing benefits (such as the award of a successor or additional franchise) on the use of designated or approved sources. However, failure to use approved items or designated suppliers might, like other matters, be a default under the Franchise Agreement and, in general, any Franchisee in default would not be awarded a successor or additional franchise and might even be subject to termination.

Currently, there are no purchasing or distribution cooperatives. We have the power to require cooperatives to be formed, changed, dissolved or merged, and we reserve the right to do so.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the Disclosure Document.

Obligation	Paragraph in Franchise Agreement	Item in the Disclosure Document
a. Site Selection and acquisition/lease	Paragraph 3.1	Items 11 and 12
b. Pre-opening purchases/leases	Paragraphs 3.3 and 9.2	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Paragraphs 3 and 4	Items 6, 7 and 11
d. Initial and ongoing training	Paragraphs 4, 9.4, 14.3 and 15.5 F	Items 6, 7 and 11
e. Opening	Paragraph 3	Item 11
f. Fees	Paragraphs 8, 13.3 and 17.1C	Items 5 and 6
g. Compliance with standards and policies / Operating Manual	Paragraphs 1.1 E, 2.2 G., 3.1, 3.2, 4.2, 9.1, 9.3, 13.3 A and 15.5	Item 11
h. Trademarks and proprietary information	Paragraphs 1.1, 5, 7, and 16.2	Items 13 and 14
i. Restrictions on products/services offered	Paragraphs 8.2, 9.2 and 10.3	Items 8, 11 and 16
j. Warranty and customer service requirements	Paragraphs 6.3 B., 8.5 and 13.3 A.10	Not Applicable
k. Territorial development and sales quotas	Paragraph 2.2	Item 12
l. Ongoing product/service purchases	Paragraphs 9.2 and 15.5	Items 8 and 11

Obligation	Paragraph in Franchise Agreement	Item in the Disclosure Document
m. Maintenance, appearance and remodeling requirements	Paragraphs 3.2 and 9.1	Items 6 and 17
n. Insurance	Paragraph 9.5	Items 6, 7 and 8
o. Advertising	Paragraphs 2.4, 10 and 16.3	Items 6 and 11
p. Indemnification	Paragraph 6.3	Item 6
q. Owner's participation/management/staffing	Paragraph 9.4	Item 15
r. Records and reports	Paragraph 11	Item 11
s. Inspections and audits	Paragraphs 12 and 15.5 B	Items 11
t. Transfer	Paragraph 16	Items 6 and 17
u. Renewal	Paragraphs 2.1 and 14	Item 17
v. Post-termination obligations	Paragraph 16	Item 17
w. Non-competition covenants	Paragraph 7.2	Item 17
x. Dispute resolution	Paragraph 17	Item 17
y. Licenses	Paragraph 9.3	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing for any amount due under the Franchise Agreement. We do not guarantee your note, lease or any other obligation.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING ASSISTANCE

Except for the specific items listed below, we are not required to provide you with any assistance.

A. Our Obligations Before the Franchised Business Opens:

1. Provide you with training. (Franchise Agreement, Section 4.1)
2. Use reasonable efforts to help determine site feasibility and assist in the designation of the franchise location. (Franchise Agreement, Section 3.1)
3. Loan you 1 copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. This Manual is confidential and remains our property. We may modify this Manual. (Franchise Agreement, Section 4.2) The Table of Contents of the Manual is attached to the Disclosure Document as **Exhibit E**. Our Manual contains 456 pages.
4. License you the use of our trademarks. (Franchise Agreement, Section 5).

5. We will authorize the opening of your LINE-X Store. (Franchise Agreement, Section 3.4).

B. Our Obligations During the Operation of the Franchised Business:

1. We will specify or approve certain equipment, inventory and suppliers to be used in the Franchised Business. (Franchise Agreement, Section 3.3)
2. We will provide additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require, to correct improve and/or enhance your operations. (Franchise Agreement, Section 4.1C)
3. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf. We will pass the cost onto you. (Franchise Agreement Section 9.5E)
4. We (or our designee) will maintain and administer the Marketing Fund. We will direct all advertising programs, with sole discretion over the creative concepts, materials, and media used in the programs, and the placement and allocation. The Marketing Fund contributions may be used for website development, toll free telephone numbers or similar marketing items. (Franchise Agreement, Section 10.1B)
5. We may institute various programs for auditing customer satisfaction and/or other quality control measures. (Franchise Agreement, Section 12.3)
6. We may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so, and may utilize such allowances or rebates in any manner in which we elect, in our sole discretion. (Franchise Agreement, Section 3.3).
7. Review and approve or disapprove of your advertising materials. (Franchise Agreement Section 10.2B)
8. We may provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. We may make recommendations that we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell your products and services; and (iii) the suppliers from whom you obtain any products or services used in or at your LINE-X Store for which we have not established Approved Suppliers. (Franchise Agreement, Section 4.3)

C. The Marketing Fund

We have established an advertising, publicity and marketing fund (the "Marketing Fund") to promote LINE-X Stores and the Brand. You will contribute either (i) Ten Cents (\$0.10) to Twenty Cents (\$0.20) per pound of the cost of the Coating Products purchased by you from us; or (ii) One Percent (1%) to Five Percent (5%) of your Gross Volume. We (or our designee), which may include the marketing department, executives or a franchise advisory board, will maintain and administer the Marketing Fund. We will direct all advertising programs, with sole discretion over the creative concepts, materials, and media used in the programs, and the placement and allocation. We have no obligation in administering the Marketing Fund to ensure that any particular franchisee benefits directly or on a pro rata basis from the placement of advertising. The Marketing Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the Internet, URL, 800 or similar number. We anticipate that the media coverage will be national, regional and local. Advertising may be provided by us or a Franchisor-Related Person/Entity ("in-house" or by an independent outside person/company). (Franchise Agreement, Section 10.1B)

No material advertising expenditures from the Marketing Fund will be devoted to the sale of new franchises. For each LINE-X business operated by us offering products and services similar to the Franchised Business, we will make contributions to the Marketing Fund equivalent to the contributions required for a Franchised Businesses with the System. The monies may be used to meet any and all costs of maintaining, administering, directing, producing and preparing mass media advertising (including the cost of conducting public relations activities, conducting advertising and producing promotional brochures and other marketing materials to franchisees in the system). All sums you pay to the Marketing Fund will be maintained in a separate account and will not be used to defray any of our general operating expenses, except for reasonable administrative costs, salaries, expenses and overhead, if any, as we may incur in activities reasonably concerning the administration or direction of the Marketing Fund and advertising programs including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Marketing Fund.

It is anticipated that all contributions to the Marketing Fund will be expended for advertising and promotional purposes during the fiscal year within which contributions are made. If, however, excess amounts remain in the Marketing Fund at the end of the fiscal year, all expenditures in the following fiscal year(s) will be made first out of any current interest or other earnings of the Marketing Fund, next out of any accumulated earnings and finally from principal. We maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been expended for advertising purposes or distributed back to franchisees. An accounting of the operation of the Marketing Fund will be prepared annually and will be made available to you upon request. We will have the right to require that the annual accounting include an audit of the operation of the Marketing Fund be prepared by an independent certified public accountant selected by us and prepared at the expense of the Marketing Fund. (Franchise Agreement, Section 10.1)

During the last fiscal year (ending on June 30, 2016), the Marketing Fund spent 5.5% on Creative Development, 4.1% on social media; 12.5% on public relations; 23.9% on trade shows; 3.5% on traditional advertising; 4.3% on product launches; 25.6% on sponsorships/partnerships; 2.6% on television advertising; 2.6% on sweepstakes; 7.8% on search engine marketing/search retargeting; and 7.7% on the "Opportunity Fund," which is used for opportunities that arise throughout the year (e.g., the purchase of a truck for use at auto shows.)

D. Local Advertising

We reserve the right to approve all of your local advertising and promotion. We will provide guidelines for local advertising and any deviation from these guidelines requires our approval. You must not establish a website on the Internet using any domain name containing the words "LINE-X" or any variation without our prior written consent. We retain the sole right to advertise on the Internet and create a website using the "LINE-X" domain name.

We recommend that you spend 5% of your Gross Volume each quarter for local advertising and promotion of your LINE-X Store. We have the right to make this recommendation a requirement in the future. We can require you to spend up to seven percent (7%) of your Gross Volume each quarter on local advertising and marketing activities. We will give you 60 days advance written notice of any required local advertising and marketing expenditures. (Franchise Agreement, Section 10.2)

Your advertising will be in good taste and conform to ethical and legal standards and our requirements. Your advertising and use of the Marks in advertising may not be associated with off-color content, pornography, vulgarities, or other unsuitable content. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. We retain the right to approve or disapprove of such advertising based on our Business Judgment. You agree not to use any materials or programs disapproved by us. (Franchise Agreement, Section 10.2B)

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E. **Cooperatives**

We may decide to form one or more associations and/or sub-associations of LINE-X Stores to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering your area, then you must join and actively participate. Each Store will be entitled to one (1) vote, but in order to vote franchised Stores must be in Good Standing. You may be required to contribute such amounts as are determined from time to time by such Co-Ops. (Franchise Agreement, Section 10.3)

We have recently established a national, web-based, advertising and promotional cost sharing program (the "Co-Op Incentive Marketing Program" or simply, the "Program") designed to enhance and encourage local marketing by our franchisees. Participation in the Co-Op Incentive Marketing Program is voluntary and only available to members of our "Platinum Standards of Service" program, which all LINE-X franchisees are eligible and encouraged to join. (See Item 12, the Manual, and Section 15.5A of the Franchise Agreement for more information on the Platinum Standards of Service program.) Under the Co-Op Incentive Marketing Program, you will accrue \$0.30 for each pound of qualifying Coating Product(s) purchased from our parent LINE-X LLC to use towards your local advertising and marketing efforts. All franchisees who participate in the Program will earn the same amount for their purchases of qualifying Coating Product(s). You will not make any direct contributions to the Program, but will enter claim amounts (amounts you spent on local marketing efforts) into the online system. After you have entered a claim amount(s) and it is approved by LINE-X LLC, you will be reimbursed within 30 days in an amount equal to that which you have accrued under the Program at the approval date of your claim. The amount you may accrue under the Program each quarter is limited to \$6,000 per Franchised Business. The Program is entirely web-based and can be accessed 24-hours a day / 7 days a week. You will set-up and activate an online account through the web-based Program, and you are solely responsible for all management of such account, including all planning and spending on local advertising and marketing. Written governing documents have been established for the Co-Op Incentive Marketing Program and are available to you online through the LINE-X Portal. You are solely responsible for claim entry into the online system. You can request an overview of your account at any time through the online Program. We have full visibility of all claims, approvals and payments at all times online through the Program.

We currently do not, and have no plans in the future to form a Franchisee Advisory Council.

F. **Methods Used to Select the Location of the Franchised Business:**

You must operate from a location suitable to the operation of the Franchised Business. In selecting your site, you should consider population size and density and the number of pickup trucks in your exclusive territory. Your selection of the site for the Franchised Business is subject to our approval. When evaluating the site, we consider factors such as demographics, accessibility, suitability, competing facilities and other factors.

You must select a location that we approve and be open for regular, continuous business within 4 months of signing the Franchise Agreement. If we fail to agree upon a site, we will terminate the Franchise Agreement and you will receive a refund of the initial franchise fee minus our expenses not to exceed \$10,000. (Franchise Agreement, Section 3.1).

You must comply with any standards, specifications and other requirements (the "Design Standards") that we may furnish you for design, decoration, layout, equipment, furniture, fixtures, signs and other items for your LINE-X Franchised Business. Your compliance with the Design Standards does not release you from your obligations to ensure that your LINE-X Store is designed, constructed and operated in compliance with all local, state, and federal laws, including (without limitation) the American with Disabilities Act ("ADA"), or similar state law. (Franchise Agreement, Section 3.2)

G. **Typical Length of Time Before Operation:**

We will authorize the opening of your LINE-X Store when (i) all of your pre-opening obligations

have been fulfilled, (ii) pre-opening training has been completed, (iii) all amounts due us (and/or any Affiliate) have been paid, and (iv) copies of all insurance policies (and payment of premiums,) and all other required documents have been received by us. (Franchise Agreement, Section 3.4) The length of time between the signing of the Franchise Agreement, and payment of your initial franchise fees, and the opening of your LINE-X Store must be within four (4) months.

H. **Training:**

The initial training program will occur at a facility that we designate, and is described below:

TRAINING PROGRAM AT OUR SITE UP TO 5 DAYS			
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Day 1			
Program Orientation – Introduction to LINE-X and History of LINE-X	1.5	0	At our headquarters in Huntsville, Alabama
Facility Tour – Introduction to Staff	1	0	At our headquarters in Huntsville, Alabama
Bedliner Line-up – Bedliner Product Overview	1.5	0	At our headquarters in Huntsville, Alabama
PLATINUM Standards of Service Program	.5	0	At our headquarters in Huntsville, Alabama
Sales Training – Principles of Selling/Retail/Dealership	3.5	0	At our headquarters in Huntsville, Alabama
Day 2			
Sales Training (Continued) – Truck Gear	2	0	At our headquarters in Huntsville, Alabama
Franchise Support section of LINEX.com	.5	0	At our headquarters in Huntsville, Alabama
Processes – Ordering and Payments	1	0	At our headquarters in Huntsville, Alabama
Business Management Training	3	0	At our headquarters in Huntsville, Alabama
Business Management/Human Resources Training	1.5	0	At our headquarters in Huntsville, Alabama
Day 3			
National and Local Marketing	3.5	0	At our headquarters in Huntsville, Alabama
Facilities – Basics and Requirements	1	0	At our headquarters in Huntsville, Alabama
Franchise Operations	2	0	At our headquarters in Huntsville, Alabama
Huntsville Store Facility Tour – Tour through Huntsville Franchise including time to watch truck application	1.5	0	At our local Huntsville Franchise

TRAINING PROGRAM AT OUR SITE UP TO 5 DAYS			
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Day 4			
Safety/Full Product Overview	2.5	0	At our headquarters in Huntsville, Alabama
Lab and Warehouse Tour	1	0	At our headquarters in Huntsville, Alabama
Equipment Training - EXP2 Training – Includes Theory of Operation, Intro to Equipment and Maintenance, start up and shut down procedures	2.5	0	At our headquarters in Huntsville, Alabama
Spray Gun Training – Includes P2 Gun Maintenance, gun breakdown and troubleshooting procedures	2		At our headquarters in Huntsville, Alabama
Day 5			
Substrate Preparation/Commercial & Industrial	4.5	0	At our headquarters in Huntsville, Alabama
Hands-on spray training/Includes spraying of samples	0	3	At our headquarters in Huntsville, Alabama
Closing/Program Evaluation	.5	0	At our headquarters in Huntsville, Alabama
TOTALS	37	3	

TRAINING PROGRAM AT YOUR BUSINESS LOCATION			
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Set Up / Operation / Maintenance of New Equipment	0	12	Your business location
How to Mask & Spray Trucks	0	20	Your business location
PPE Review	0	1	Your business location
Spray Test Samples	0	1	Your business location
Office Procedures	0	3	Your business location
Inside Sales	0	4	Your business location
Outside Sales	0	16	Your business location
Lunch & Learn-Grand Opening Planning / Marketing / Business Review and Help from LINE-X Trainers	0	11	Your business location
TOTALS	0	68	

Angela White, our Training Director, is in charge of the training program. Ms. White has 9 years of experience in franchise operations and 6 years in training, including 3 year of protective coatings experience and franchisee training with us. She has trained LINE-X Franchisees for one year. Our

primary instructional material consists of the Manual and supporting instructional DVDs. The Manual contains 429 pages.

You and any managers you designate must successfully complete the initial training program to our satisfaction prior to opening for business. (Franchise Agreement, Section 4.1.)

We may charge a tuition fee for any optional training programs, such as training in the use of mobile applicators or unique or unusual jobs, or training in the use of new chemicals, coatings, or formulations that we may create and offer. We can require you to attend and successfully complete, extended initial training if we feel more training is required, and can eliminate or shorten training for persons previously trained or with comparable experience. (Franchise Agreement, Section 4.1B)

I. Additional Training

You and your manager must attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may require, to correct improve and/or enhance your operations. (Franchise Agreement, Section 4.1C)

J. Computer System - Hardware and Software

Currently, we do not have proprietary software that we require you to purchase, but do require that you have computer hardware and software which meet the minimum requirements to operate a business of this nature, which have Internet access and e-mail capability, and include QuickBooks Pro accounting software. Basic computer packages meeting these specifications, such as Hewlett Packard or Dell are readily available off the shelf at many retail outlets. Software vendors meeting these requirements such as Microsoft, usually include business packages with QuickBooks Pro, which we require you to use. You are free to choose any authorized dealer from which to purchase or license commercially available software. We reserve the right to require you to purchase and maintain certain specific hardware and software in the future. You are solely responsible for obtaining your own employee-scheduling software.

We reserve the right to require you to update or upgrade any computer hardware or software during the term of the franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation. The approximate cost of the computer hardware and software is \$1,000 to \$2,500. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts is \$50 to \$100.

We reserve the right to have full access to all computer and any other systems, and the information and data they contain. There are no contractual limitations on our right to access the information and data.

We have no obligation to provide ongoing maintenance, repairs, upgrades or updates and any such obligations would be those of the software licensors.

None of the software programs we require you to use are proprietary to our affiliates or us. We have not identified compatible equivalent components for items that are non-proprietary.

ITEM 12 TERRITORY

You will receive an exclusive territory within a designated area (the "Territory") as defined in the Franchise Agreement. Within the Territory, we will not grant a franchise to another LINE-X Store, nor will we open a LINE-X Store that we own. You will operate the Franchised Business from a location we approve (the "Premises"). Your Territory will be defined by a map and/or a related list of zip codes. The Territory will be independently determined between us and you and may be based on (but not necessarily limited to) the following considerations: Number of households within the specified boundaries; number of

potential customers residing within the specified boundaries, given current market demographics; drive times from the defined location; natural and manmade boundaries; and/or other reasonable criteria that we may apply.

You must not conduct a LINE-X Franchised Business, use the Marks, System and/or distribute the LINE-X Products or services from any location other than the Premises, or for any purpose other than as approved by us in writing. Except for pre-existing, non-competitive businesses, you must not conduct any activities from the Premises other than the operation of your LINE-X business unless given our prior written approval. You will not engage in any other business or activity that may conflict with your obligations under this Agreement, unless given our prior written approval. Your use of the Internet, World Wide Web, social networking sites, any URLs and other electronic or other means of marketing and distribution of goods and/or services can be restricted by us in our Business Judgment (as defined in Section 17.6 of the Franchise Agreement). You will not market or sell through venue(s) or any channel of distribution, including the Internet, catalog sales, telemarketing or other direct marketing to make sales outside your Territory, other than your LINE-X Store without our written permission, which we can grant, condition or deny in our Business Judgment. Any website or webpage and any urls must be linked to the LINE-X website. Under limited circumstances, and only under a written addendum, we may permit you to operate from multiple store-fronts in your Territory, in addition to the Premises.

If you are in good standing, have attended our specialized training for mobile applicators, have purchased the designated equipment for mobile applications, have the requisite insurance, and meet such other reasonable criteria that we establish, we may authorize you to spray/apply coatings ("Mobile Applications") away from the Premises. Our current form of Mobile Applicator Agreement is attached as an exhibit to the Franchise Agreement.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future LINE-X (or any other brand) units or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to the Premises and whether or not they provide goods or services to customers within your Territory. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we or any Franchisor-Related Persons/Entities may be involved, now or in the future.

We and our parent and affiliates expressly reserve all other rights, and can (along with anyone we designate) own and/or operate, and/or authorize others to own and/or operate:

(1) any kind of business in the Territory, except a LINE-X Store, whether or not using the LINE-X Marks and System; and any kind of business outside of the Territory, including, without limitation, LINE-X Stores, whether or not using the LINE-X Marks and System;

(2) sell LINE-X brand (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution (including, but not limited to, LINE-X franchisees who have been trained and approved to use mobile applicators, by mail and/or the Internet) other than a LINE-X Store located in the Territory;

(3) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the LINE-X System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere;

(4) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the LINE-X Marks and System). You may be responsible for any reasonable conversion costs.

We may sell LINE-X brand products and services via the LINE-X website (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution other than a LINE-X Store.

Sometimes a LINE-X franchisee develops an account which may be testing the Coating Products, or which may grow too large for the franchisee to service, or which account may determine it is more economically feasible to purchase and apply the Coating Products directly from us for its own operations. In those instances, and to avoid the account using a competing brand or product, we may sell Coating Products to these accounts, and we may train them how to apply the coatings. However, if you initiated this account, have serviced it for over one year, and have sold product to them in the prior twelve months, we may, but are not obligated to, compensate you for a limited period of time through a formula we develop.

We do not have to pay you any compensation if we exercise any of the options listed above.

Any relocation shall (i) be to a location within the Territory (unless waived by us), (ii) require our prior written consent, which we may grant, condition or withhold in our Business Judgment (and which may be withheld, in any case, if you are not in Good Standing), (iii) be at your sole expense, and (iv) require that you (and each Affiliate and owner of yours) sign a General Release.

If you are not in (i) compliance with all material terms of the Franchise Agreement and the Manual, and current in all accounts to us and our affiliates ("Good Standing"), or (ii) if you fail to meet our then-current Performance Standards (as defined below) we may reduce, eliminate or otherwise modify your territorial rights, along with whatever other remedies are then available to us, including Termination.

Performance Standards

A. LINE-X System Standards.

We may choose, in our Business Judgment, to evaluate your LINE-X Store for compliance with LINE-X System Standards using various methods (including, but not limited to, inspections, field service visits, customer comments/surveys, and secret shopper reports.) We reserve the right to terminate the Franchise Agreement if you receive three or more material customer complaints about the quality of your workmanship in any twelve month period, whether or not such complaints are resolved.

B. LINE-X Minimum Purchase Standard. At any time, we may choose, in our Business Judgment, to compare your purchases to the then current "Minimum Purchase Standard." Our current Minimum Purchase Standard is 925 pounds of Coating Products per month per 100,000 persons in your Territory. For territories with smaller or larger populations, the amount of Coating Products used to calculate the Minimum Purchase Standard is *pro rated*.

C. If for two (2) consecutive quarters (or three quarters in any 24 months) you drop below the Minimum Purchase Standard, or any replacement standard, or if you fail to purchase the Coating Products in any three (3) month period, we can, at our election, (i) reduce the size of your Territory; and/or (ii) terminate the exclusivity in your Territory; and permit other franchisees to market in your Territory; and/or (iii) award other franchises in your Territory; and/or (iv) terminate this Agreement. In any case, we reserve the right to add or discontinue client products in the future as market changes and technology evolve, or for other reasons in our Business Judgment, which may result in modification of the Minimum Purchase Standard.

D. We reserve the right to make reasonable revisions to elements of the Minimum Purchase and/or System Standards on 90 days written advance notice to you.

E. We may (but are not required to) implement the correction process described in 15.5 F, below, if you fail to meet System Standards or Minimum Purchase Standard.

F. Correction Process

1) If we notify you of your failure to meet any Performance Standard, then you will have six (6) months from our delivery of written notice to you in accordance with Section 18, below, to meet all applicable Standards.

2) We will reasonably cooperate with and assist you in your efforts to meet your performance requirements. Among other things, we can (i) require you and/or your manager to attend and successfully complete a re-training seminar at our then-current headquarters, with you to pay all related travel, meals, lodging and incidental expenses, or (ii) send a trainer to your location to present a re-training seminar, which you and your manager must successfully complete, with you to pay us a \$500 per day retraining fee (maximum: \$1,500).

3) As part of the correction process, you agree to sign a probation report which clearly sets forth an admission by you of the problems identified, the remedial actions taken, and the consequences for repeated failure or defaults.

G. If within such six (6) months your LINE-X Store does not meet any of the Performance Standards, then we can reduce, eliminate or otherwise modify your territorial rights.

H. We have developed a "Platinum Standards of Service" program that offers elite recognition, rewards and benefits, including eligibility for reimbursements, to encourage LINE-X Franchisees to meet or exceed the Performance Standards. Specific details about the program can be found in the Manual.

I. Nothing in this Section is intended to limit or diminish in any way any rights or remedies provided us under this or any other agreement, at law or in equity. The fact that any correction process may be ongoing shall not prevent us from exercising any such rights and/or remedies, including any right to terminate this Agreement for another default under this or any other agreement.

Currently, there are no other circumstances that permit us to modify your territorial rights.

You are not granted any options, rights of first refusal or similar rights to acquire additional franchises under the Franchise Agreement.

**ITEM 13
TRADEMARKS**

We grant you the right to operate a Franchised Business under the Mark "LINE-X" (the "Principal Mark") and other Marks we may authorize you to use. The following Marks are registered on the Principal Register of the United States Patent and Trademark Office, are owned by LINE-X LLC and are licensed to us by LINE-X LLC in a non-exclusive license agreement dated January 5, 2009 and an assignment agreement dated June 7, 2012. We may authorize you to use some or all of the following Marks.

Mark	Registration Number	Registration Date	Registration Renewal
LINE-X (stylized)	1861562	November 8, 1994	Renewed

Mark	Registration Number	Registration Date	Registration Renewal
LINE-X (Cl. 40)	2461464	June 19, 2001	Renewed
	2463701	June 26, 2001	Renewed
LINE-X (Cl. 02 & Cl. 40)	3530500	November 11, 2008	Not yet due.
LINE-X (Cl. 22 & Cl. 39)	3764253	March 23, 2010	Not yet due.
LINE-XXTRA (Cl. 40)	3170032	November 7, 2006	Not yet due.
LINE-XXTRA (Cl. 02)	3095472	May 23, 2006	Not yet due.
PAXCON (Cl. 02)	3083378	April 18, 2006	Not yet due.
PAXCON (Cl. 40)	3174050	November 21, 2006	Not yet due.
	3186566	December 19, 2006	Not yet due.
LINE-X XTRA	3666008	August 11, 2009	Not yet due.
	3666009	August 11, 2009	Not yet due.
BLOC & BLU	4471094	January 21, 2014	Not yet due.
ASPART-X	4026850	September 13, 2011	Not yet due.

Mark	Registration Number	Registration Date	Registration Renewal
	4739661	May 19, 2015	Not yet due.
	4739660	May 19, 2015	Not yet due.

LINE-X LLC has the following pending registration on the Principal Register of the U.S. Patent and Trademark office for the following Mark:

Mark	Serial Number	Filing Date
LINE-X ULTRA (Word Mark)	86326342	July 1, 2014

All required affidavits have been filed.

There are currently no material effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the above-identified trademarks. There are no agreements currently in effect which significantly limit our rights to use or license the use of these trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to you. There are no material infringing uses of which we are aware.

You must notify us immediately of any apparent or actual infringement of or challenge to your use of any of the Marks or claims by any person of any rights in the Marks. You will not communicate with anyone other than us or our counsel regarding any such infringement, challenge or claim. We have the sole discretion to take action as we deem appropriate and to exclusively control any litigation or any other proceeding arising out of any infringement, challenge or claim or otherwise relating to the use of the Marks (including the right to direct any settlement of the claims. You must sign any documents, give any assistance, and do acts that our attorneys believe are necessary or advisable to protect and maintain our interests in any litigation or administrative proceeding.

You must follow our rules when you use the Marks. Failure to do so can (and probably will) result in Termination, since protection of the Marks is of critical importance to us and all LINE-X Franchisees. You will not use any Mark, or modified version or derivative of a Mark, or any other mark or form of commercial identification confusingly similar to the Marks or Trade Dress, as part of any business or trade name or in any other manner not expressly authorized by us in advance and in writing. Prior to adoption and/or use, any proposed corporate and/or trade name is subject to approval by us in our Business Judgment. You'll give trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect

their goodwill. You won't use any Mark in connection with the performance or sale of any unauthorized services or products or at any store or in any other manner not expressly authorized in writing by us.

You must not establish a website on the Internet using any domain name containing the word "LINE-X" or any variation of the word without our written consent. Our Licensor retains the sole right to advertise on the Internet and create a website using the "LINE-X", "Linex" or "Goline-x" domain names. You acknowledge that LINE-X LLC is the owner of all right, title and interest in and to such domain names. We retain the right to pre-approve your use of linking and framing among your web pages and all other websites. If we request, you will within 5 days dismantle any frames and links among your web pages and any other websites.

You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim. We will take such action as we deem appropriate in our Business Judgment. As owner of the Marks, we have the exclusive right to initiate and control any settlement, litigation or proceeding arising out of or related to any such matters.

You will notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or your LINE-X Store.

If it becomes advisable at any time, in our sole judgment, for you to modify or discontinue the use of any of the Marks, or for you to use one or more additional or substitute trademarks or service marks, you will immediately comply (at your expense) with our directions. We will not have any liability or obligation to you for modification, discontinuance or otherwise. We are not obligated under the Franchise Agreement to pay for the costs of your defense, or to indemnify you, in connection with any trademark proceeding or action.

You should understand that there is always a possibility that there might be one or more businesses, similar to the business covered by the Franchise, operating in or near the area(s) where you may do business, using a name, trademark and/or trade dress similar to ours and with superior rights to the name and/or trademark. We strongly urge you to research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any documents or make any binding commitments. If you do not research the possibility of other trademarks in this business, you may be at risk.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials and other Confidential Information as defined below.

There currently are no effective determinations of the Copyright Office (or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

In general, our proprietary information includes "Confidential Information" as defined in Article 7.1 of the Franchise Agreement, some of which is contained in the Manual, and includes, among other things, all information (current and future) relating to the operation of a LINE-X Franchised Business or the System, including, among other things, all: i) manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of LINE-X Stores; ii) designs, specifications and information about products and services and

iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information needed for the operation of a LINE-X franchise, and you may learn additional information during the term of your franchise. Our Affiliates or we have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of this Agreement, you must use the Confidential Information only for the operation of your LINE-X Store under a LINE-X Franchise Agreement; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and iii) follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to a LINE-X Store that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

A person who has successfully completed mandatory training, and meets our then-current standards, must personally supervise your LINE-X Business on a full time basis. We require that you personally manage your LINE-X Store during the first 12 months of operation and strongly recommend full term on-site management by you.

In the event you own and operate multiple LINE-X Stores and are unable to manage any of your LINE-X Stores fulltime for the first 12 months, then, with our prior written approval, you may designate a fulltime manager to manage any such LINE-X Store. The manager you designate must successfully complete our required initial training program.

You are solely responsible for the hiring and management of your LINE-X Business employees, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You are responsible for hiring your own legal counsel or human resources professional to assist you in creating your own employee handbook. You will keep us advised, in writing, of all management personnel involved in the operation or otherwise of your LINE-X Business. You understand that absentee ownership involves a greater risk of failure.

You are not our agent, legal representative, joint venturer, partner, employee or servant. You will be an independent contractor and will always identify yourself to all persons and in all dealings of your LINE-X Store as an independent owner under a LINE-X franchise. You must include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials, as we require from time to time. Subject to the requirements of the Franchise Agreement and the Manual, you'll have complete operational control of your business, including the right to hire and fire each employee.

You and your employees must comply with the confidentiality provisions described in Item 14.

During the term of the Franchise Agreement and for 2 years after the expiration of the term, you and any successor franchise, any Affiliate of yours, any shareholder, member or partner of yours (if you are or become a business entity), and any immediate family member of any of the foregoing, will abide by the non-compete covenants contained in the Franchise Agreement.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and will operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations including all government regulations relating to contractor licensing, occupational hazards and health, consumer protection, environmental protection, trade regulation, workers' compensation, unemployment insurance, vehicle registration and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes.

You will operate your LINE-X Store in full compliance with all applicable laws, ordinances and regulations. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your LINE-X Store. It is your sole responsibility to identify and obtain all authorizations necessary to your operation.

If you are a Business Entity, we may require each of your owners to guaranty your performance. Our current form of Owners Guaranty is attached as Exhibit 1 of the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer for sale and sell only and all those products and services, and deal only with those suppliers, that we authorize or require, and have authorized. Failure to do so can (and probably will) result in Termination. You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We reserve the right to change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we require from time to time. If you fail to do so, we may do so on your behalf. You agree to reimburse us within ten (10) days of our delivery of an account statement. You will not make any alterations to your LINE-X Store or its appearance as originally approved by us without our prior written approval.

You agree at your sole expense that you and your employees will wear then-current LINE-X apparel.

The supply and price of oil and oil-based products such as the chemicals used in the catalytic process for the Coating Products are volatile. As a result, the supply and price of the chemicals used in the catalytic process for the Coating Products may fluctuate if the supply decreases and if the demand increases. Although we have long-term supply contracts with our suppliers for the Coating Products, it is possible, but not likely, that the supply of these chemicals may be allocated among all buyers wishing to purchase the same, which could result in a decrease in the supply of Coating Products available to LINE-X franchisees. A decrease in the supply of these products may prevent you from servicing customers at the level that you would service customers if the supply of these products was readily available, which could result in a decrease of your revenue and profit from the operation of the franchised business. Likewise, a significant increase in the price for these products could decrease your revenue and profit from the operation of the business if the price increases are not passed along to your customers.

You must refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to our business and/or other franchised businesses or to the goodwill associated with the Marks.

In circumstances designated by us in the Manual, or where otherwise reasonably required by us, you will give those customers who have made complaints appropriate refunds or otherwise deal with such complaints as we reasonably direct, you and we agreeing that such responses to customer complaints are a vital element in maintaining and enhancing the goodwill associated with the Marks. If we receive multiple customer complaints, we may require that you take remedial action (including refunds, repairs and/or additional training), or take such other action as may be warranted, including termination of the Franchise Agreement.

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THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Paragraph In Agreement	Summary
a. Length of the franchise term	Franchise Agreement: Paragraph 2.1	The term is 5 years from the date the Franchise Agreement is signed.
b. Renewal or extension of term	Franchise Agreement: Paragraphs 2.1 C and 14.	If you are current in all your obligations to us and meet the conditions for renewal, you can renew for up to 2 additional successive terms of 5 years each. You must meet all successor and renewal criteria set forth in the Franchise Agreement at the end of the first five (5) year successor term before exercising the second five (5) year successor term.
c. Requirements for renewal or extension	Franchise Agreement: Paragraph 14	You have complied with all of the Franchise Agreement provisions; you are not in default of the Franchise Agreement; you have brought the Franchised Business into compliance with our current standards; you must attend refresher training; you have given us notice of renewal; you have signed a then-current form of Franchise Agreement; you have achieved your required sales quota and you have signed a general release in substantially the form of Exhibit F to this Disclosure Document. You must give us notice of your intent to renew between 6 and 12 months before the Franchise Agreement expires. We will give you notice of our intent not to renew along with specific reasons at least 3 months before your expiration. The new Franchise Agreement may contain terms and conditions that are materially different from your original Franchise Agreement. There is no fee to renew or extend.
d. Termination by franchisee	Franchise Agreement: Paragraph 15.8	You may terminate the Franchise Agreement for cause if you are in compliance and we materially breach the Franchise Agreement and fail to cure within 30 days of receiving your written notice.
e. Termination by franchisor without cause	Franchise Agreement: Not Applicable	The Franchise Agreement does not provide for termination without cause.

Provision	Paragraph In Agreement	Summary
f. Termination by franchisor with cause	Franchise Agreement: Paragraph 15	We may terminate the Franchise Agreement upon delivery of notice to you if you default under the terms of the Franchise Agreement.
g. "Cause" defined – curable defaults	Franchise Agreement: Paragraph 15.2	The following constitute curable defaults: you fail or refuse to make payments due and do not cure within 10 business days; or fail to comply with any provision of the Franchise Agreement not mentioned in (h.) below or any mandatory specification and do not cure within 30 days.
h. "Cause" defined - non-curable defaults	Franchise Agreement: Paragraph 15.1	The following events constitute non-curable defaults: failure to properly establish and equip the premises and vehicles; failure to complete training; make a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony, or other crime or offense that can adversely affect the reputation of you, us or the Franchised Business; failure to purchase minimum amounts of product and to meet Minimum Performance Standards; misuse of the Manual or unauthorized disclosure of confidential information; abandonment of the business for 5 consecutive days unless otherwise approved; surrender of control of the business; unauthorized transfer; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; your misuse of the Marks; failure on 2 occasions within any 12 consecutive month period to pay amounts due, or otherwise to comply with the Franchise Agreement; violate any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; or violating the rights and restrictions of your territory.
i. Franchisee's obligation on termination/non-renewal	Franchise Agreement: Paragraph 16	Your obligations include: stop operations of the Franchised Business; stop using the Marks and items bearing the Marks; stop using LINE-X in any form as part of your corporate name; assign any assumed names to Company; de-identify the premises from any confusingly similar decoration, design or other imitation of a LINE-X Franchised Business; stop advertising as a Franchised Business; pay all sums owed; pay all damages and costs

Provision	Paragraph In Agreement	Summary
		we incur in enforcing the termination provisions of the Franchise Agreement; return all manuals and other confidential information to us; return all signs to us; assign your telephone and facsimile numbers, electronic mail and internet addresses to us; sell to us, at our option, all assets of the Franchised Business, including inventory, equipment, supplies and items bearing the Marks; and comply with the covenants not to compete.
j. Assignment of contract by franchisor	Franchise Agreement: Paragraph 13.1	There are no restrictions on our right to assign except that assignee must be financially responsible and capable of performing our obligations under the Franchise Agreement and assignee must expressly assume these obligations.
k. "Transfer" by franchisee definition	Franchise Agreement: Section 13.2	Transfer of franchise, Franchise Agreement, your LINE-X Store, or any ownership interest or assets of any of them.
l. Franchisor approval of transfer by franchisee	Franchise Agreement: Section 13.2	We have the right to approve all your transfers, but will not unreasonably withhold approval. We may place reasonable conditions on our approval of any transfer.
m. Conditions for franchisor approval of transfer	Franchise Agreement: Section 13.3	You must be compliance with all agreements, the Manual, all contracts with any party, and transferee must assume all obligations under these agreements; transferee meet our then-current requirements and complete or agree to complete our training program for new franchisees; all sums due must be paid; all obligations to third parties must be satisfied; and the LINE-X Store must be in full compliance with the Manual and standards and specifications for new LINE-X Stores. The transfer will occur through the use of an escrow or a closing attorney, as applicable, and the escrow or closing instructions will provide for (i) payments of all fees owed to us, including transfer fees, training fees and any other amounts; and (ii) a reasonable 'hold back' or retention for a period not to exceed 12 months, to provide for correction of defects in workmanship committed by you, or for payment to the Transferee of warranted

Provision	Paragraph In Agreement	Summary
		work performed by you; Transferee agrees to be bound by all terms of franchise agreement or may be required to sign a new franchise agreement with different terms and conditions; pay the then-current transfer fee; general release signed by all; you must provide customer and warranty information to the transferee, and the transferee must agree to honor all warranties on work performed by you for a period of twelve (12) months after the transfer; you must agree not to compete with transferee; additional conditions apply to a transfer to a Business Entity.
n. Franchisor's right to acquire franchisee's business	None	Not Applicable.
o. Franchisor's option to purchase franchisee's business	None	Not Applicable.
p. Death or disability of franchisee	Franchise Agreement: Section 13.5	Interest in this Agreement, the Franchise and/or the Franchisee will be transferred to a third party. A "permanent disability" occurs if you are not able to personally, actively participate in the management of your LINE-X Store for (6) consecutive months. Any transfer shall be completed within six (6) months from the date of death or permanent disability. If no transfer occurs, the Franchise will automatically terminate at the end of such period, unless a written extension is granted by us in our Business Judgment.
q. Non-competition covenants during the term of the franchise	Franchise Agreement: Paragraph 7.2 A	You must not divert or attempt to divert any business or customer to a competitor; employ or seek to employ any person who is employed by us or another franchisee; or own or otherwise have any interest in any competitive business specializing, in whole or in part, in the sale, application of polyurethane coatings, and related services the same as or similar to any product or service provided through the System.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement: Paragraph 7.2 B	You must not own or operate any business specializing in whole or in part in the sale, or application of polyurethane coatings and related services for 2 years after the Franchise Agreement is terminated within the Metropolitan Statistical Area (as

Provision	Paragraph In Agreement	Summary
		defined in the Franchise Agreement), where the Franchised Business is located, within a 10 mile radius surrounding the outside perimeter of your Territory or within a 10 mile radius of any business using the System.
s. Modification of the Franchise Agreement	Franchise Agreement: Paragraphs 19. B and 4.2	The Franchise Agreement can be modified only by written agreement between us and you. We can modify or change the System through changes in the Manual.
t. Integration/merger clause	Franchise Agreement: Paragraph 19. B	Only the terms of the Franchise Agreement and any addendum are binding (subject to state law). Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by mediation or arbitration	Franchise Agreement: Paragraph 17	Except for claims relating to the confidential information or the Marks, any claim arising out of or relating to the Agreement or the relationship of the parties, and any controversy regarding the establishment of the fair market value of assets of the Franchised Business will be submitted to binding arbitration in the county where our then-current headquarters is located. The parties will bear their own fees and costs, including attorney's fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.
v. Choice of forum	Franchise Agreement: Paragraph 17.2	Any action must be brought in state or federal court in the jurisdiction where our then-current headquarters is located (subject to state law.)
w. Choice of law	Franchise Agreement: Paragraph 17.8	Alabama law applies (unless prohibited by laws of the state where the Franchised Business is located.)

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in **Exhibit G** to this Disclosure Document.

ITEM 18 ARRANGEMENTS WITH PUBLIC FIGURES

We do not currently use any public figure or personality to promote the franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The Huntsville Store

Our parent, LINE-X LLC owns and operates a model LINE-X Store in Huntsville, Alabama (the "Huntsville Store"). Unless stated otherwise, the numbers in this Item 19 are from the Huntsville Store. The information from the Huntsville Store has been audited as part of the annual audit performed on LINE-X LLC and its consolidated operations.

There is no guarantee that any LINE-X Store that a prospective franchisee operates will achieve the results reflected in this Item 19, either during its initial years of operation or afterward. A new franchisee's individual financial results are likely to differ from the results stated in this Item 19. Written substantiation of all information presented in this Item 19 will be made available to you upon reasonable request. (Please see additional caution at the end of this Item 19.)

Operations and Average Invoice

The Huntsville Store is located in an industrial complex, and contains a single spray booth, as is typical with most LINE-X Stores. The Huntsville Store employs a full-time manager, a full-time sales person, a lead spray tech and two spray tech assistants. Many LINE-X Stores offer truck accessories and ancillary services. The Huntsville Store only conducts spraying operations, including some mobile applications. One measure of the business is the number of unique invoices, and the average dollar amount per invoice. In 2016, The Huntsville Store had 1,414 unique invoices with an average amount of \$616.56. Perhaps the single greatest determinate for sales from a Line-X Store is the number of truck sales in the area. While Line-X franchisees may spray Line-X brand coatings on a variety of products, and offer many related goods and services, the spraying of truck bed liners remains the single largest source of revenue for most Line-X franchisees.

Pounds Purchased in Fiscal Year 2016

LINE-X or its affiliate sells raw chemicals to its franchisees which are then used to spray the protective coatings that franchisees sell to the consumer. LINE-X typically measures the chemical purchases in pounds. An additional measure of LINE-X Store performance is the amount of pounds purchased by each LINE-X Store. For our fiscal year 2016, the pounds purchased were as follows:

Stores Measured	High	Low	Average	Median
All Stores (389 Stores)	166,158	200	28,356	22,740
First Quartile (97 Stores)	166,158	37,325	58,129	52,235
Second Quartile (97 Stores)	37,320	22,795	29,107	28,875
Third Quartile (97 Stores)	22,685	14,470	18,402	18,500
Fourth Quartile (98 Stores)	14,430	200	7,788	7,970

* The Huntsville Store purchased 56,706 pounds of chemical in fiscal year 2016, ranking 41st out of 389 LINE-X Stores measured, and placing it in the First Quartile of this chart.

The Huntsville Store - Profit & Loss Statements

The Huntsville Store is a model store run solely as a Line-X franchise, with no ancillary goods or services offered. The staff is dedicated solely to the operation of the store. The Huntsville Store does receive some "back-office" support in the form of human resources and accounting from its parent, and some charges, as indicated in the footnotes below, are absorbed by the affiliate. The figures below are the actual income and expense results for the past fiscal year for the Huntsville Store. Your results may vary significantly for numerous reasons.

	2016
Ordinary Income & Expense	
Sales	864,414.49
Discounts & Other	-7,963.72
Total Income	856,450.77
Costs of Goods Sold ¹	
Chemical Purchases	393,187.93
Gross Profit (Total Income - COGS)	463,262.84
Expense ²	
Airfare / Meals / Travel / Lodging	2689.28
Automobile Expense	381.19
Bad Debt Expense	1481.00
Bank Service Charges	6304.45
Depreciation Expense	26,755.10
Gas & Oil	2,413.80
Marketing & Advertising ³	21,639.64
Materials & Supplies	14,198.77
Miscellaneous	54.07
Outside Services & Prof Services*	6,465.37
Payroll (Hourly Tech Employees) ⁴	90,268.59
Payroll (Hourly Overtime) ⁴	1,933.73
Payroll (Salary + Bonus) ⁴	61,109.47
Payroll Taxes ⁴	14,448.75
Rent Expense*	33,120.00
Repairs & Maintenance	527.07
Taxes ⁵	1,307.04
Telephone / Computer / Internet*	4,607.22
Uniforms	3,825.24

	2016
Utilities*	5479.79
Waste	2,460.34
Total Expense	301,472.91
Net Ordinary Income	161,789.93
Other Income	3032.78
Other Expenses	-4,672.15
Net Income	160,150.56

Notes & Explanations:

Note 1 Costs of Goods Sold / Chemicals: These are the raw chemicals that you are required to purchase from LINE-X or its affiliate. LINE-X is the only Approved Supplier for these chemicals. Prices for chemicals are set forth in Item 6 of this Disclosure Document, and are subject to change.

Note 2 Expenses / Insurance: The Expenses listed here are for the Huntsville Store. Your expenses, both the amounts for categories listed and the variety of expenses themselves may vary depending on numerous factors, such as: Will you own or rent your Store? Own or lease Store vehicles? Will you manage the Store yourself, or employ another? Additionally, the Huntsville Store does not account for insurance, including Worker's Compensation Insurance, since it is a division of a larger company and the insurance costs for the LINE-X Store operations are not broken out or charged separately to the Huntsville Store. You can expect to pay for insurance, including worker's compensation insurance. You should contact an insurance broker in your area to estimate the costs you might incur for insurance. Please see Item 11 of this Disclosure Document and the Franchise Agreement (Section 9.5) for a breakdown of insurance requirements.

Note 3 Marketing & Advertising: This expense item is for local marketing and promotion conducted by the Huntsville Store, and also includes a modest expense for a trade show booth and reasonable travel and airfare for some regional events. You may spend more or less than the amounts listed here depending on your market.

Note 4 Employees and salaries: Expense for wages and salaries will vary depending on where your Store is located. The expenses listed above for the Huntsville Store include a full-time manager's salary of approximately \$46,842 per year, one salesperson at approximately \$28,000 per year, a Lead Spray Tech at \$13.50 per hour and two Spray Techs at approximately \$10.25 per hour. If you manage the Store yourself, you will not incur a manager salary.

Note 5 Interest, Taxes & Depreciation: The Statements above do not account for interest. You may incur interest for start-up costs, equipment or inventory. The Statements below include charges for payroll taxes and ancillary charges for local taxes, but do not reflect income or other taxes. Depending on how you account for your business, you may have to provide for depreciation which would increase your expenses.

You should conduct an independent investigation of the costs and expenses you will incur in operating your LINE-X Store. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

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ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Fiscal Years 2014 through 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2014	373	375	+2
	2015	375	380	+5
	2016	380	389	+9
Company-Owned*	2014	1	1	0
	2015	1	1	0
	2016	1	2	+1
Total Outlets	2014	374	376	+2
	2015	376	381	+5
	2016	381	391	+10

*The Company-Owned Store in Alabama is owned and operated by our parent, LINE-X LLC. The Company-Owned Store in Texas is owned and operated by our affiliate, LX Retail LLC.

Table No. 2
Transfer of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Fiscal Years 2014 through 2016

State	Year	Number of Transfers
AL	2014	1
	2015	0
	2016	0
AZ	2014	1
	2015	0
	2016	0
CA	2014	8
	2015	0
	2016	1
CO	2014	1
	2015	0
	2016	0
FL	2014	2
	2015	0
	2016	0
GA	2014	0
	2015	1
	2016	1

State	Year	Number of Transfers
ID	2014	0
	2015	1
	2016	0
IL	2014	0
	2015	2
	2016	0
KY	2014	1
	2015	0
	2016	2
MA	2014	0
	2015	0
	2016	1
MI	2014	1
	2015	0
	2016	0
MN	2014	0
	2015	1
	2016	0
MO	2014	0
	2015	0
	2016	1
NE	2014	1
	2015	0
	2016	1
NH	2014	0
	2015	1
	2016	0
NJ	2014	1
	2015	0
	2016	0
NY	2014	2
	2015	0
	2016	0
SC	2014	2
	2015	2
	2016	2
TN	2014	1
	2015	1
	2016	0

State	Year	Number of Transfers
TX	2014	0
	2015	1
	2016	0
VA	2014	1
	2015	0
	2016	2
WA	2014	0
	2015	1
	2016	2
WV	2014	0
	2015	0
	2016	1
WI	2014	1
	2015	0
	2016	0
Totals	2014	24
	2015	11
	2016	14

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2014 through 2016

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
AL	2014	11	0	0	0	0	1	10
	2015	10	0	0	0	0	0	10
	2016	11	1	0	0	0	0	11
AR	2014	2	1	0	0	0	0	3
	2015	3	2	1	0	0	0	4
	2016	4	0	0	0	0	0	4
AZ	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	1	0	0	0	0	6
CA	2014	37	1	2	0	0	1	35
	2015	35	1	0	0	0	0	36
	2016	36	4	2	0	0	0	38
CO	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	0	0	8
	2016	8	0	0	0	0	0	8

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
CT	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	1	1
	2016	1	2	0	0	0	0	3
DE	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
FL	2014	19	1	0	0	0	0	20
	2015	20	1	1	0	0	2	18
	2016	18	0	0	0	0	1	17
GA	2014	14	0	0	0	0	0	14
	2015	14	0	0	0	0	0	14
	2016	14	0	1	0	0	0	13
HI	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
IA	2014	6	1	0	0	0	0	7
	2015	7	1	0	0	0	0	8
	2016	8	1	0	0	0	0	9
ID	2014	4	0	0	0	0	0	4
	2015	4	0	1	0	0	0	3
	2016	3	1	0	0	0	0	4
IL	2014	10	1	0	0	0	0	11
	2015	11	1	0	0	0	0	12
	2016	12	0	0	0	0	0	12
IN	2014	9	2	0	0	0	1	10
	2015	10	0	0	0	0	0	10
	2016	10	1	0	0	0	0	11
KS	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
KY	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	0	9
	2016	9	0	0	0	0	0	9
LA	2014	7	0	0	0	0	0	7
	2015	7	0	0	0	0	0	7
	2016	7	0	0	0	0	2	5
MA	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	1	0	0	0	0	4

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
MD	2014	11	0	0	0	0	0	11
	2015	11	0	0	0	0	0	11
	2016	11	0	0	0	0	0	11
ME	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	0
	2016	3	0	0	0	0	0	3
MI	2014	14	0	0	0	0	0	14
	2015	14	0	0	0	0	0	14
	2016	14	1	0	0	0	0	15
MN	2014	6	1	0	0	0	0	7
	2015	7	1	0	0	0	0	8
	2016	8	0	1	0	0	0	7
MO	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	0	9
	2016	9	0	0	0	0	0	9
MS	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	1	0	0	0	0	4
MT	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
NC	2014	12	0	0	0	0	1	11
	2015	11	1	0	0	0	1	11
	2016	11	0	0	0	0	0	11
ND	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
NE	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	1	0	0	0	0	5
NH	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	1	8
	2016	8	0	1	0	0	0	7
NJ	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
NM	2014	3	0	0	0	0	0	3
	2015	3	0	1	0	0	0	2
	2016	2	0	0	0	0	0	2

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
NV	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
NY	2014	6	1	0	0	0	0	7
	2015	7	1	0	0	0	0	8
	2016	8	0	0	0	0	0	8
OH	2014	15	1	1	0	0	0	15
	2015	15	0	0	0	0	0	15
	2016	15	1	0	0	0	0	16
OK	2014	7	0	0	0	0	0	7
	2015	7	0	1	0	0	0	6
	2016	6	1	0	0	0	0	7
OR	2014	6	1	0	0	0	0	7
	2015	7	1	0	0	0	0	8
	2016	8	0	0	0	0	1	7
PA	2014	11	1	1	0	0	1	10
	2015	10	1	0	0	0	0	11
	2016	11	1	0	0	0	0	12
SC	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	0	9
	2016	9	0	0	0	0	1	8
SD	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
TN	2014	12	0	0	0	0	0	12
	2015	12	0	0	0	0	0	12
	2016	12	0	1	0	0	0	11
TX	2014	23	1	1	0	0	1	22
	2015	22	6	0	0	0	0	28
	2016	28	1	0	0	0	0	29
UT	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
VA	2014	15	0	0	0	0	0	15
	2015	15	0	0	0	0	0	15
	2016	15	0	0	0	0	1	14
WA	2014	16	0	0	0	0	1	15
	2015	15	0	0	0	0	0	15
	2016	15	0	0	0	0	0	15

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
WI	2014	9	0	0	0	0	0	9
	2015	9	0	0	0	0	1	8
	2016	8	0	0	0	0	0	8
WV	2014	2	0	0	0	0	0	2
	2015	2	0	1	0	0	0	1
	2016	1	1	0	0	0	0	2
WY	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	1	0	0	0	1
TOTALS	2014	373	14	5	0	0	7	375
	2015	375	17	6	0	0	6	380
	2016	380	22	7	0	0	6	389

Table No. 4
Status of Company-Owned Outlets*
For Years 2014 through 2016

State	Year	Outlets at the Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AL	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
TX	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
Total	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	1	0	0	0	2

*The Company-Owned Store in Alabama is owned and operated by our parent, LINE-X LLC. The Company-Owned Store in Texas is owned and operated by our affiliate, LX Retail LLC.

Table No. 5
Projected Openings as of June 30, 2016

State	Franchise Agreements Signed but Outlet not Opened	Potential New Franchised Outlet in the Next Fiscal Year	Potential New Company - Owned Outlets in the Next Fiscal Year
AK	2	1	
AL	2	2	
CA	1	1	

State	Franchise Agreements Signed but Outlet not Opened	Potential New Franchised Outlet in the Next Fiscal Year	Potential New Company - Owned Outlets in the Next Fiscal Year
CO	1	1	
CT	1	2	
FL	1	3	
GA	1	1	
HI	1	1	
IN	1	1	
IL	0	1	
KY	0	1	
LA	1	1	
MI	1	1	
MT	0	1	
NC	0	1	
OH	1	1	
OR	1	1	
PA	2	3	
SC	1	1	
TN	1	1	
TX	3	5	3
WI	1	1	
Total	23	32	3

Please see **Exhibits H and I** of this Disclosure Document for a list of current and former franchisees. There are no franchisees who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. Please note that if you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the last three fiscal years, no franchisees have entered into confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system.

There are no independent trademark-specific franchisee organizations associated with the franchise system being offered that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit C** are our audited financial statements for our fiscal years 2016, 2015, and 2014. Our fiscal year ends on June 30.

ITEM 22
CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit B	Franchise Agreement (with Exhibits)
Exhibit D	Statement of Prospective Franchisee
Exhibit F	General Release
Exhibit L	Franchise Data Release Authorization and Confidentiality Agreement

ITEM 23
RECEIPTS

Our and your copies of the Uniform Franchise Disclosure Document Receipt are located on the last two pages of this Disclosure Document.

**EXHIBIT A TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

**LIST OF STATE AGENCIES FOR SERVICE OF PROCESS
AND
STATE ADMINISTRATORS**

CALIFORNIA

Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
Tel: (213) 576-7505
Tel: (866) 275-2677

One Sansome Street
Suite 600
San Francisco, California 94104
Tel: (415) 972-8559

CONNECTICUT

Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800
Tel: (860) 240-8230

FLORIDA

Tom Kenny, Regulatory Consultant
Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, Florida 32314
Tel: (850) 488-2221
Fax: (850) 410-3804

HAWAII

(for service of process)
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

(state agency)
Business Registration Division
Department of Commerce & Consumer Affairs
King Kalakaua Building
335 Merchant Street, Rm 203
Honolulu, Hawaii 96813
Tel: (808) 586-2722
Fax: (808) 587-7559

ILLINOIS

Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Tel: (217) 782-4465

INDIANA

(for service of process)
Indiana Secretary of State
201 State House
Indianapolis, Indiana 46204

(state agency)
Securities Commissioner
Indiana Secretary of State
Securities Division, Franchise Section
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
Tel: (317) 232-6681

IOWA

Dennis Britson
Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, Iowa 50319-0066
Tel: (515) 281-4441
Fax: (515) 281-3059
email: iowasec@iid.state.ia.us

MARYLAND

(for service of process)
Maryland Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202

(state agency)
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202
Tel: (410) 576-6360

MICHIGAN

(for service of process)
Michigan Department of Consumer and
Industry Services
Corporations and Securities Bureau
P.O. Box 30054
Lansing, Michigan 48909

(state agency)
Department of the Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48909
Tel: (517) 373-7117

MINNESOTA

Commissioner of Commerce
85 Seventh Place East, Suite 500
St. Paul, MN 55101-2198
Tel: (651) 296-4026

NEBRASKA

Gene Schenkelberg, Securities Analyst
Department of Banking & Finance
1200 N. Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509
Tel: (402) 417-3445

NEW YORK

(Agent for Service of Process)
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
Tel: (518) 473-2492

(Administrator)
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
Tel: (212) 416-8236
Fax: (212) 416-6042

NORTH DAKOTA

(for service of process)
Securities Commissioner
Office of the Securities Commissioner
600 East Boulevard Avenue
State Capital, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510

(state agency)
Office of the Securities Commissioner
600 East Boulevard Avenue
State Capital, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
Tel: (701) 328-2910

OREGON

Director, Department of Consumer &
Business Services
Division of Finance & Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
Tel: (503) 378-4140
Fax: (503) 947-7862
Email: dcbs.dfcsmail@state.or.us

RHODE ISLAND

Director, Securities Division
State of Rhode Island
Department of Business Regulation in the
Service of Process, Disclosure Document and
State Administrators Sections
Building 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue,
Cranston, Rhode Island 02920
Tel: (401) 462 9582

SOUTH DAKOTA

Director, Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501
Tel: (605) 773-4823

TEXAS

Statutory Document Section
Secretary of State
1719 Brazos
Austin, Texas 78701
Attn: Dorothy Wilson
Tel: (512) 475-1769

UTAH

Director, Division of Consumer Protection
Utah Dept. of Commerce
160 East Three Hundred South
SM Box 146704
Salt Lake City, Utah 84114-6704
Tel: (801) 530-6601
Fax: (801) 530-6001

VIRGINIA

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

(state agency)
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Tel: (804) 371-9051

WASHINGTON

(for service of process)

Administrator

Department of Financial Institutions

Securities Division

150 Israel Road SW

Tumwater, Washington 98501

(state agency)

Administrator

Department of Financial Institutions

Securities Division

PO Box 9033

Olympia, Washington 98501

Tel: (360) 902-8760

Fax: (360) 902-0524

WISCONSIN

Commissioner of Securities

Department of Financial Institutions

P.O. Box 1768

Madison, Wisconsin 53701-1768

Tel: (608) 266-2801

(In all other states process may be served on us at our corporate address.)

**EXHIBIT B TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT
AND EXHIBITS**

Franchise Agreement Number: _____

LINE-X Franchising LLC Franchise Agreement

Date of this Agreement: _____

Expiration Date: _____

Franchisor: **LINE-X Franchising LLC**, a California limited liability company

Franchisee: _____

Accepted Premises: _____

1. **INTRODUCTION, DEFINITIONS, AND PRELIMINARY AGREEMENTS.**

1.1 Introduction.

A. Our parent, LINE-X LLC ("**Licensor**"), and its predecessors have developed and own a system for the establishment and operation of businesses specializing in the application of LINE-X® brand spray-on protective coatings. The businesses also sell truck accessories, including Truck Gear by LINE-X™, an exclusive accessory line for trucks (collectively, the "**System**").

B. The distinguishing characteristics of the System include procedures and techniques for marketing and applying LINE-X brand spray-on truck bedliners and other coating services for light industrial uses; the sale of TRUCK GEAR by LINE-X truck accessories; use of the LINE-X Marks (the "**Marks**"); the LINE-X Confidential Operations Manual (the "**Manual**"); uniform operating methods, procedures and techniques; methods and techniques for inventory, cost controls, record keeping and reporting, purchasing, sales promotion, marketing and advertising, all of which may be changed, improved and further developed by Licensor or us from time to time. We call this the "**Franchised Business.**"

C. As an integral part of the Franchised Business, we, our parent, or an affiliate will sell you proprietary polyurethane and polyurea based products and other chemicals developed by Licensor which are the core ingredient of the LINE-X brand coatings that you spray or apply (the "**Coating Products**"). Our training, equipment ("**Designated Equipment**"), and the System are designed around our proprietary products, including, but not limited to, LINE-X® brand coatings and TRUCK GEAR by LINE-X™ (collectively, the "**LINE-X Products**"). We do not charge a royalty like some franchise systems. We generate income from the sale of LINE-X Products to you. If you purchase other products or use non-approved products in connection with the Franchised Business, you will tarnish the LINE-X Marks, you will defeat the economic purpose of this Agreement, and you will be in breach of the Agreement. We may terminate this Agreement immediately if you purchase anything other than the LINE-X Products without our prior written permission.

D. We license the rights to the System, the LINE-X Products and the LINE-X Marks from our parent and, in turn, have the right to license parts or all of the System to others, like you.

E. When you sign this Agreement, you must comply fully with its terms and the Manual in order to use the LINE-X Marks, LINE-X Products, System and other Intellectual Property.

F. You agree that it is critical to you, us and each franchisee for the System to be flexible to respond to commercial opportunities and challenges. An inability to change the System could adversely

affect all LINE-X franchisees. You, therefore, agree and anticipate that the Manual and the System may be changed by us, from time to time, in our Business Judgment (as that term is defined in Section 17.6 below). You agree to comply with the Manual and the System as they are changed by us.

2. AWARD OF FRANCHISE.

2.1 Term. This Agreement authorizes you to operate a single LINE-X franchise at a single location in the Territory (the "**LINE-X Store**") subject to all the conditions contained in this Agreement.

A. The term of this Agreement is for five (5) years commencing on the date of this Agreement, as provided on the first page of this Agreement.

B. If this Agreement is awarded in connection with your acquisition of an existing LINE-X Franchised Business, the term of this Agreement will be, at our option, either:

- 1) a term which runs from the date of this Agreement through the expiration date of the franchise agreement granted to the party from whom you acquired the franchise; or
- 2) a period of five (5) years;

C. If this Agreement is awarded in connection with the successor or renewal provisions of a franchise agreement, then the term of this Agreement will be governed by the successor provisions of the franchise agreement under which you operated during the initial term (which is now expired). The applicable Expiration Date is noted on the first page of this Agreement. The successor terms for this Agreement are set forth in Section 14 of the Agreement.

D. If applicable law requires that we give notice to you prior to the expiration of the Term, this Agreement shall remain in effect on a week-to-week basis until we have given the notice required by such applicable law. If we are not offering new franchises, are in the process of revising, amending or renewing our form of franchise agreement or disclosure document, or are not lawfully able to offer you our then-current form of franchise agreement, at the time you deliver a Renewal Notice, then we may, in our discretion, (i) offer to renew this Agreement upon the same terms set forth herein or (ii) offer to extend the current Term on a week-to-week basis following the expiration of the Term for as long as we deem it necessary or appropriate so that we may lawfully offer you our then-current form of franchise agreement.

E. You must not conduct a LINE-X Franchised Business, use the Marks, System and/or distribute the LINE-X Products or Services from any store other than the Premises, or for any purpose other than as approved by us in writing. Except for pre-existing, non-competitive businesses as described in Exhibit 2.1, you must not conduct any activities from the Premises other than the operation of your LINE-X business. You will not engage in any other business or activity that may conflict with your obligations under this Agreement, unless given our prior written approval. Under limited circumstances, and only pursuant to a written addendum, the form of which is set forth in Exhibit 2.1 E, we may permit you to operate from multiple store-fronts in your Territory, in addition to the Premises.

2.2 Territory.

A. Subject to our rights as set forth in this Agreement, and for its Term, we will not enter into a franchise agreement for another LINE-X Store, nor open a Franchisor-owned LINE-X Store, inside the Territory.

B. Your Territory will be defined by a map and/or a related list of zip codes, all as set forth in Exhibit 2.2 to this Agreement. The Territory will be independently determined between us and you and may be based on (but not necessarily limited to) the following considerations:

- 1) Number of households within the specified boundaries;

- 2) Number of potential customers residing within the specified boundaries, given current market demographics;
- 3) Drive times from the defined location;
- 4) Natural and manmade boundaries; and/or
- 5) Such other reasonable criteria that Franchisor may apply.

C. Your rights in the Territory are **exactly** (and only) as set forth in this Section 2.2. You may not solicit business nor pick up and deliver trucks from customers outside the Territory. Except as provided in this Agreement, you have no right to affect the location, or operation of present or future LINE-X (or any other brand) units or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to the Premises and whether or not they provide goods or services to customers within the Territory. You do not have any rights with respect to other businesses, products or services, in which we or any Franchisor-Related Persons/Entities may be involved, now or in the future.

D. We and our parent and affiliates expressly reserve all other rights, and can (along with anyone we designate) own and/or operate, and/or authorize others to:

- 1) own and/or operate any kind of business in the Territory, except for a LINE-X store or any business which directly competes with a LINE-X Store;
- 2) own and/or operate any kind of business outside of the Territory, including, without limitation, LINE-X Stores
- 3) sell LINE-X brand (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution (including, but not limited to, LINE-X franchisees who have been trained and approved to use mobile applicators, by mail and/or the Internet) other than a LINE-X Store located in the Territory.
- 4) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the LINE-X System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere;
- 5) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the LINE-X Marks and System). You may be responsible for any reasonable conversion costs.

E. We may sell LINE-X brand products and services via the LINE-X website (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution other than a LINE-X Store.

F. Sometimes a LINE-X franchisee develops an account which may be testing the Coating Products, or which may grow too large for the franchisee to service, or which account may determine it is more economically feasible to purchase and apply the Coating Products directly from us for its own operations. In those instances, and to avoid the account using a competing brand or product, we may sell the Coating Products to these accounts, and we may train them how to apply the coatings. However, if you initiated this account, have serviced it for over one year, and have sold product to them in the prior twelve months, we may, but are not obligated to, compensate you for a limited period of time through a formula we develop, as detailed in the Manual.

G. If you are not in (i) compliance with all material terms of this Agreement and the Manual, and current in all accounts to us and our affiliates ("**Good Standing**"), or (ii) if you fail to meet our then-current Performance Standards (as defined in Section 15.5 (A) and elsewhere) we may reduce, eliminate or otherwise modify your territorial rights, along with whatever other remedies are then available to us, including Termination.

2.3 Mobile Applications. This Agreement is for the Franchised Business located at the Premises identified on Page 1. If you are in Good Standing, have attended our specialized training for mobile applicators, have purchased the Designated Equipment for mobile applications, have the requisite insurance, and meet such other reasonable criteria that we establish, you will be authorized to spray/apply coatings ("Mobile Applications") away from the Premises. Our current form of Mobile Applicator Agreement is set forth in Exhibit 2.3.

2.4 E-Commerce/Mail Order Business - Current Policies.

Your use of the Internet, World Wide Web, social networking sites, any URLs ("Uniform Resource Locators") and other electronic or other means of marketing and distribution of goods and/or services can be restricted by us. You will not market or sell through such venue(s) or any channel of distribution other than your LINE-X Store without our written permission, which we can grant, condition or deny in our Business Judgment. Any website or webpage and any urls must be linked to the LINE-X website.

3. DEVELOPMENT AND OPENING OF YOUR LINE-X STORE.

3.1 Site Selection. You must choose a site for your LINE-X Store and submit to us information we may reasonably request concerning the proposed location, including, without limitation, population density, demographics, proximity to other LINE-X Stores, available parking, traffic flow and entrance to and exit from the site. We will deliver to you written acceptance or rejection of a proposed location within 30 days after our receipt of all requested information from you regarding the proposed site. We will not unreasonably withhold our acceptance. Acceptance by us of any site is not a recommendation or endorsement of such site. We make no representations or warranties as to the success of any site. If we accept your site, you are responsible for obtaining any architectural and engineering services required for your facility and for ensuring its compliance with local law. Neither we, nor any Franchisor-Related Persons/Entities, nor any other person or company associated with us will have any liability for any site-related matter. You agree not to make any claims against us and/or any of the Franchisor-related Persons/Entities with regard to such matters. Your LINE-X Store must be open for regular, continuous business within four (4) months of the Effective Date of this Agreement. If no acceptable site is found and accepted by us, and your LINE-X Store is not open for regular, continuous business within four (4) months of the Effective Date of this Agreement, either we or you can terminate the Franchise Agreement. Upon such termination, we will refund the initial franchisee fee, less expenses we incur in providing site selection assistance to you and other expenses we incur, in an amount not to exceed \$10,000.

3.2 LINE-X Design Standards. You agree to comply with any standards, specifications and other requirements (the "Design Standards") that we may furnish you for design, decoration, layout, equipment, furniture, fixtures, signs and other items for your LINE-X Store. Your compliance with the Design Standards does not release you from your obligations to ensure that your LINE-X Store is designed, constructed and operated in compliance with all local, state, and federal laws, including (without limitation) the American with Disabilities Act ("ADA"), or similar state law. If we do not provide written Design Standards, you agree that the Store will be decorated in "good taste," have appropriate signage, be clean and have a safe, comfortable customer reception or waiting area.

3.3 Equipment. We will specify or approve certain equipment, inventory, and supplies to be used in the Franchised Business. You will only use approved equipment, inventory, and advertising and will only offer for sale, approved programs, products and services in the Franchised Business. We may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so, and may utilize such allowances or rebates in any manner in which we elect, in our sole discretion. We

require you to purchase all your TRUCK GEAR by LINE-X accessories through a web-based program operated by a single supplier approved by us. Before purchasing any of the TRUCK GEAR products from our approved supplier, you will be required to sign our standard form of "Franchise Data Release Authorization and Confidentiality Agreement."

3.4 Opening. We will authorize the opening of your LINE-X Store when (i) all of your pre-opening obligations have been fulfilled, (ii) pre-opening training has been completed, (iii) all amounts due us (and/or any Affiliate) have been paid, and (iv) copies of all insurance policies (and payment of premiums,) and all other required documents have been received by us. Your LINE-X Store must be open for regular, continuous business within four (4) months of the Effective Date of this Agreement.

3.5 Relocation. Any relocation shall (i) be to a location within the Territory (unless waived by us), (ii) require our prior written consent, which we may grant, condition or withhold in our Business Judgment (and which may be withheld, in any case, if you are not in Good Standing), (iii) be at your sole expense, and (iv) require that you (and each Affiliate and owner of yours) sign a General Release.

3.6 Computer System - Hardware and Software. We require you to have a computer with hardware and software that meet the minimum requirements to operate a business of the nature of the LINE-X Store. Such minimum requirements, include, but are not limited to, Internet access, e-mail capability, and basic accounting functions. You are free to choose any authorized dealer from which to purchase or license commercially available software. You are solely responsible for obtaining your own employee-scheduling software. We reserve the right to develop a point-of-sale ("POS") system and/or operational software and other hardware and software in the future, which you will be required to obtain and use in the operation of the Franchised Business. We also reserve the right to require you to update or upgrade any computer hardware or software during the term of this Agreement, and if we choose to do so, there are no limitations on the cost and frequency of this obligation.

4. TRAINING AND GUIDANCE.

4.1 Training.

A. You or a manager you designate must successfully complete our initial training program before operating your LINE-X Store. The initial Franchise Fee covers an initial training program for you and one other person. We may charge a reasonable fee for training of additional and/or subsequent managers. We can choose to eliminate or shorten training for persons previously trained or with comparable experience. If we determine, in our sole discretion, that you are unable to satisfactorily complete our required training program, we may require you to attend additional training at your expense or terminate this Agreement upon which we will return the initial franchise fee.

B. The initial training program will be at a time and place, and for such period, as we specify in our Business Judgment. You'll be responsible for all travel, living, incidental and other expenses for you and your personnel attending the initial training program and any other voluntary or mandatory training programs, seminars or meetings, unless otherwise agreed to by us in writing. We may charge a tuition fee for any optional training programs, such as training in the use of mobile applicators or unique or unusual jobs, or training in the use of new chemicals, coatings, or formulations that we may create and offer. We may choose not to allow you to offer new services (such as mobile applications), or we may choose not to sell you new chemicals or formulations until you have attended and completed training to our satisfaction. We can require you to attend, and successfully complete, extended initial training if we feel more training is required, and can eliminate or shorten training for persons previously trained or with comparable experience.

C. You and your manager must attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may require, to correct improve and/or enhance your operations.

4.2 Manuals. As part of your training program, and during the term of the Franchise, we will loan you (or allow you electronic or other access to) one copy of the Manual. You will continuously comply, at your sole expense, with all provisions of, and any additions, deletions, and/or changes to, the Manual. Any additions, deletions, and/or changes will take precedence over all prior communications. Mandatory specifications, standards and operating procedures prescribed from time to time by us in the Manual, or otherwise communicated to you, electronically or otherwise, are a part of this Agreement.

4.3 Initial and Ongoing Assistance.

We shall provide, at our expense, such initial and continuing advisory assistance in connection with the operation of your LINE-X Store as we deem appropriate. Such assistance may be provided, in our discretion, by our directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals. We may provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you brings to our attention. We may make recommendations that we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell its products and services; and (iii) the suppliers from whom you obtain any products or services used in or at your LINE-X Store for which we have not established Approved Suppliers. The rendering of any consultation, advise, assistance, consent, approval or services by us, as set forth in this Agreement, does not constitute any assurance or guaranty that such consultation, advice, assistance, consent, approval or services will result in any level of success of your business. Any Franchisor services set forth in this Agreement may be provided by us and/or our representative(s) or designee(s).

5. MARKS.

5.1 Goodwill and Ownership of Marks. You have a non-exclusive right to use the Marks and only as expressly authorized by us under this Agreement and the Manual. The Licensor retains all rights in and to the Marks. All goodwill belongs exclusively to the Licensor. You will not obtain any goodwill in the Marks as a result of this Agreement, your operation of the Franchise, or for any other reason. Any unauthorized use of the Marks is a breach of this Agreement. You agree that if you breach any obligation regarding the Marks, we or the Licensor would have no adequate remedy at law and that we will be entitled to equitable relief. This Agreement applies to all trademarks, service marks and other commercial symbols that we may authorize you to use throughout its term.

5.2 Limitations and Use of Marks. You will not use any Mark, or modified version or derivative of a Mark, or any other mark or form of commercial identification confusingly similar to the Marks or Trade Dress, as part of any business or trade name or in any other manner not expressly authorized by us in advance and in writing. Prior to adoption and/or use, any proposed corporate and/or trade name is subject to approval by us in our Business Judgment. You'll give such trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect their goodwill. You won't use any Mark in connection with the performance or sale of any unauthorized services or products or at any store or in any other manner not expressly authorized in writing by us.

5.3 Notification of Infringements and Claims. You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim. We will take such action as we deem appropriate in our Business Judgment. As owner of the Marks, we have the exclusive right to initiate and control any settlement, litigation or proceeding arising out of or related to any such matters.

6. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

6.1 Independent Contractor. You will always identify yourself to all persons and in all

dealings of your LINE-X Store as an independent owner under a LINE-X franchise, clearly indicating that your Franchised Business is separate and distinct from our business. You will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials, as we require from time to time. Subject to the requirements of this Agreement and the Manual, you will have complete operational control of your business, including the right to hire and fire each employee.

6.2 No Liability for Acts of Other Party. You will not represent that your and our relationship is other than that of independent Franchisor and Franchisee. Neither you nor we will have any liability under any acts, omissions, agreements or representations made by the other that are not expressly authorized in writing.

6.3 Responsibility, Indemnity, Etc.

A. You will indemnify and hold us, our affiliates, parents, officers, directors, shareholders, employees, agents, accountants, and attorneys (individually and collectively the **"Franchisor-Related Persons/Entities"**) harmless from all fines, suits, proceedings, claims, demands, actions, losses, damages, costs, fees (including attorneys' fees and related expenses) and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of yours (including, but not limited to, your ownership and/or management of your LINE-X Store and/or any transfer of any interest in this Agreement or your LINE-X Store). We'll have the right to control all litigation, and defend and/or settle any claim, against and/or including us and/or the Franchisor-Related Persons/Entities, or affecting our and/or their interests, in such manner as we deem appropriate in our Business Judgment, without affecting our rights under this indemnity.

B. Unless we give you a specific written warranty for a particular item or service, any goods and/or services provided by us, Franchisor-Related Persons/Entities and/or any "approved" supplier are provided without any warranties, express or implied, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED, absent a specific written warranty expressly provided in connection with a particular product or service. For all Designated Equipment, Franchisee will receive from the respective manufacturer such warranty as they customarily may provide. It is your obligation to maintain all Designated Equipment in accordance with the applicable warranty obligations and to make any and all warranty claims directly to the supplier or manufacturer.

7. CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP.

7.1 Confidential Information; Non-Disclosure and Non-Use.

A. "Confidential Information" includes all information relating to the operation of a LINE-X Store or the System, including, among other things, all current and future: i) Manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of LINE-X Stores; ii) specifications and information about the LINE-X Products and Services and iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists. Specifically, and without limitation, we own and control all domain names and URLs relating to any and all LINE-X Stores, as well as all information, lists and data related to past, present and future customers of your LINE-X Store. Your only interest in any of this Confidential Information is the right to use it pursuant to this Agreement. You have the burden of proof and of going forward in any dispute between you and us involving the proprietary or confidential nature of any information.

B. Both during and after the term of this Agreement, you agree i) to use the Confidential Information only for the operation of your LINE-X Store under a LINE-X Franchise Agreement; ii) to maintain the confidentiality of the Confidential Information; iii) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and iii) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

C. We'll have the perpetual right to use, and to authorize others to use, all ideas, techniques, methods and processes relating to a LINE-X Store, which are conceived or developed by you and/or your employees.

7.2 Exclusive Relationship, Restrictions on Similar Businesses During Franchise Term and After Transfer, Termination, Expiration, Repurchase, Etc.

A) **In Term Restrictions:** During the term of this Agreement and any successor franchise, neither you, nor any Affiliate of yours, nor any shareholder, member or partner of yours (if you are or become a business entity), nor any immediate family member of any of the foregoing, will:

- 1) have any direct or indirect interest anywhere in any business similar to the LINE-X Franchised Business, or in any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of a similar business; or
- 2) perform any services anywhere as an employee, agent, representative or in any capacity of any kind for any similar business, or for any entity awarding franchises or licenses or establishing joint ventures to operate similar businesses.

B. **Post Term Restrictions:** For two (2) years after the later of the following terminating events: i) any Transfer, Repurchase and/or Termination of this Agreement; ii) the expiration of this Agreement (if a successor franchise or renewal term is not granted); and/or iii) the date on which you stop operating your final LINE-X Store or using the Marks and/or System, all of the persons and entities named in Section 7.2, A, above:

- 1) shall not solicit any person, firm or company that has been a LINE-X Customer during the period twelve (12) months prior to termination, nor try to divert any such Customers from any LINE-X Store or LINE-X enterprise of any kind (including any operations owned by any Franchisor-Related Persons/Entity); and
- 2) shall be subject to all of the restrictions stated in Section 7.2 A, above, with respect to a similar business located, and/or services to be performed, in the Territory and in the territory of any LINE-X Store.

8. FEES.

8.1. Initial Franchise Fee and Reduced Initial Franchise Fees

A. An initial franchise fee (the "Initial Franchise Fee") of Thirty Thousand Dollars (\$30,000) is fully earned and payable to us on signing of this Agreement. The fee is entirely nonrefundable, with the limited exceptions noted in Sections 3.1 and 4.1A of this Agreement. In our sole discretion, we may reduce this fee for special programs (for example, our "Veterans Program") or situations (for example, conversion of an existing coatings business or small market areas).

B. If you already own a LINE-X Franchised Business and are in Good Standing, then the Initial Franchise Fee for all subsequent units is Twenty Thousand Dollars (\$20,000).

C. If you are converting an existing coating business to a LINE-X Store, the Initial Franchise Fee will be reduced to Twenty Thousand Dollars (\$20,000).

D. If your LINE-X Store is located in a small market area with a population under 60,000, the Initial Franchise Fee will be reduced to Fifteen Thousand Dollars (\$15,000).

E. If you are a U.S. military veteran, under our U.S. Military Veterans Program, you may qualify to purchase an initial franchise at a discount of 25% off the Initial Franchise Fee up to \$7,500. This program is available for all veterans who have received an honorable discharge from any branch of the U.S. Military or Coast Guard, and is available for new franchisees only. The program is available only to qualified veterans operating their franchise as individual proprietors, or who hold a majority ownership interest in a partnership, corporation, or limited liability company which owns the franchise. The price reduction applies only to the first franchise acquired by a veteran. If you are a partnership, corporation or limited liability company, your status as a participating veteran must be submitted to us before you sign the Franchise Agreement, and you must maintain a majority interest in the partnership, corporation or limited liability company for a minimum of three consecutive years after executing this Agreement, or you will be required to pay us the initial savings of \$7,500.

8.2 Royalty.

A. We do not typically charge a royalty on the revenue that you generate from spraying and selling the LINE-X Products or other products and services. As noted elsewhere, we generate income from the sale of the LINE-X Products to you. You and we have agreed on your commitment to purchase only the LINE-X approved Designated Equipment, LINE-X Products and Services from us or our affiliate. This agreement forms a large part of the underlying financial and business model on which your relationship with us, and the economic provisions of this Agreement, including Royalty rates (and the lack thereof), are based. Your use of the Coating Products and System may attract customers with coating requests on items for which the Coating Products are not appropriate to use. In these instances, if you contact us in advance, we may, but are not obligated to, approve your use of non-LINE-X coating products. We will charge you a royalty of five percent (5%) on the revenue you generate from the use of any non-LINE-X coating product.

B. If you use and/or obtain Designated Equipment, products and/or services from any source other than the source we require, (or if such restrictions are unenforceable for any reason,) we may terminate this Agreement, or we may require you to pay us a royalty of Twelve percent (12%) of the Gross Volume of your LINE-X Store during any period in which you are in violation of the provisions of this subsection. "Gross Volume" shall mean all revenues (including the proceeds from any Business Interruption insurance) derived, directly or indirectly, from all business conducted upon, from or in connection with the Franchised Business. Gross Volume shall not include the amount of any sales tax imposed by any federal, state or other governmental authority directly on sales and collected from customers, provided that the amount thereof is added to the selling price or specifically absorbed therein, and actually paid by Franchisee to such governmental authority. Such royalty is intended by you and us to preserve a basic economic premise of this Agreement and is in addition to all other remedies available to us under this Agreement, at law and in equity for a breach of obligation. Any violation by you of the provisions of this section is a breach of this Agreement and may result in termination of your rights and our obligations. We shall, at all times, have the rights of inspection and audit of your LINE-X Store and its books and records (including electronic records and tax returns) to verify compliance with the provisions of this subsection and, if such audit determines that you have used and/or obtained Designated Equipment, products and/or services from any other source, you will pay the costs of such audit.

8.3 Interest and Late Fees on Late Payments and/or Reports. On all amounts you owe us and/or our Affiliates, we reserve the right to charge interest at the highest applicable legal rate for open account business credit, but not to exceed one and one-half percent (1.5%) per month. Additionally, we may require you to pay an administrative late fee of Fifty Dollars (\$50) for each late report and/or late payment. If we experience repeated late payments by you, then we may require you to pay all amounts by cashier's check. We may charge you for any fees and costs spent collecting debts or amounts that you owe. If you choose to pay amounts owed to us by credit card, rather than cash, check or bank debit or transfer, we may charge you for the additional fees and costs that we incur.

8.4 Fees for Customer Complaints, Poor Reports and Audits. If we receive three (3) or more customer complaints per calendar quarter relating to your LINE-X Franchised Business, we may charge you for our costs in responding to the complaints. If you fail to correct valid customer complaints

(as determined in our sole discretion,) or fail to honor a warranty with a customer, we may correct the problem and charge you for the cost of correction. If you receive a poor inspection report or audit, and if we are forced to inspect or audit your store more than twice per calendar year as a result, we may charge you for our costs in inspecting or auditing your store.

9. YOUR LINE-X STORE — IMAGE AND OPERATION.

9.1 System Compliance, Regular Upgrading.

A. You agree to operate your LINE-X Store in full compliance with the then-current LINE-X System and the Manual. You agree to promptly comply, at your expense, with all then-current requirements, standards and operating procedures relating to every aspect of a LINE-X Store and its operations (including, without limitation, use of Designated Equipment, LINE-X Products and Services). You will not use any equipment or other items, or offer or deal with any products or services, not approved by us.

B. You will maintain your LINE-X Store at your expense according to all of our then-current standards for new units and promptly undertake all changes as are required by us from time to time in our Business Judgment, and as outlined in the Manual. If you fail to do so, we may do so on your behalf. You agree to reimburse us within ten (10) days of our delivery of an account statement. You will not make any alterations to your LINE-X Store or its appearance as originally approved by us without our prior written approval.

C. You agree at your sole expense that you and your employees will wear then-current LINE-X apparel.

9.2 Designated Equipment, Products, Services and/or Suppliers – Product Exclusivity.

A. Your LINE-X Store will purchase, use, offer and deal with each of and only such Designated Equipment, products, including, but not limited to, the LINE-X Products, and services, and deal with suppliers, as are specified by us from time-to-time. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our Business Judgment. Such suppliers may include, and may be limited to, us, a Franchisor-Related Person/Entity and/or a designee of ours. On notice by us, you will immediately cease and desist from using/offering any equipment, products, and/or services otherwise not authorized by us.

B. You can request the approval of an item, product, service or supplier by notifying us in writing and submitting such information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We will notify you of our decision within 30 days of our receipt of all requested information from you.

C. We can require that various Designated Equipment, products and/or services only be supplied by us, a Franchisor-Related Person/Entity and/or a designee of ours and we and/or one or more Franchisor-Related Person/Entities may derive additional revenues (and possibly profits) as a result of your purchases of such Designated Equipment, products and services.

9.3 Compliance with Laws and Ethical Business Practices.

A. You will operate your LINE-X Store in full compliance with all applicable laws, ordinances and regulations. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your LINE-X Store. It is your sole responsibility to identify and obtain all authorizations necessary to your operation. Other than the right to use the Marks as provided herein, you will obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation all government regulations relating to (1) licensing and certification; (2)

occupational hazards and health; (3) handling, storage and disposal of chemicals and other materials of a similar nature; (4) the Occupational Safety and Health Act; (5) environmental matters, (6) worker's compensation; (7) insurance; (8) unemployment insurance and withholding; (9) the Americans with Disabilities Act and State law equivalents, and (10) payment of federal and state income taxes, Social Security taxes, and sales taxes. You will maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities. You will notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or your LINE-X Store.

B. Other than the right to use the Marks as provided herein, you will obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation all government regulations relating to (1) licensing and certification; (2) occupational hazards and health; (3) handling, storage and disposal of chemicals and other materials of a similar nature; (4) the Occupational Safety and Health Act; (5) environmental matters, (6) worker's compensation; (7) insurance; (8) unemployment insurance and withholding; (9) the Americans with Disabilities Act and State law equivalents, and (10) payment of federal and state income taxes, Social Security taxes, and sales taxes. .

C. You shall honor all credit, charge, courtesy and cash cards that we approve in writing. To the extent you store, processe, transmit or otherwise accesse or possesse cardholder data in connection with the sale of products and services at your LINE-X Store, you are required to maintain the security of cardholder data and adhere to the then-current credit card security standards which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of this Agreement. You are responsible for the security of cardholder data in the possession or control of any of its employees that you engage to process credit cards. At our request, you agree to provide appropriate documentation to us to demonstrate compliance by you and all your employees with applicable "Payment Card Industry Data Security Standard" requirements.

9.4 Management and Personnel.

A. You will keep us advised, in writing, of all supervisory or managerial personnel involved in the operation of your LINE-X Store. Your LINE-X Store must be personally managed on a full-time basis by a person who has successfully completed mandatory training and meets our then-current standards. All supervisory or managerial personnel must successfully complete our manager's training program (which may be provided at our then-current headquarters or other location as we designate) before beginning their duties, with you to be responsible for all associated travel, living, incidental and other expenses. We require that you personally manage your LINE-X Store during the first 12 months of operation and strongly recommend full term on-site management by you. You understand that absentee ownership involves a significantly greater risk of failure.

B. All employees you hire or employ at the your LINE-X Store will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for its employees and operations. We will not have the power to hire or fire your employees. Our authority under this Agreement to train and approve your supervisory or managerial personnel for qualification to perform certain functions at your LINE-X Store does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You will be solely responsible for all hiring and employment decisions and functions relating to your LINE-X Store, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You shall engage in no discriminatory employment practices and shall in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies, including, without limitation,

all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. You shall make all necessary filings with, and to pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, including, but not limited to, creating your own employee handbook, and you should do so in consultation with local legal counsel experienced in employment law.

9.5 Insurance.

A. You will maintain in force policies of insurance issued by carriers approved by us covering various risks, as specified by us from time to time. We may specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must: i) name us and our Affiliates as additional named insureds; ii) contain a waiver of all subrogation rights against us, our Affiliates and any successors and assigns; and iii) provide thirty (30) days' prior written notice to us of any material modifications, cancellation, or expiration of such policies.

B. Such policy or policies shall be written by an insurance company licensed in the state in which you operate your Franchised Business. Such insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide in accordance with standards and specifications set forth in the Manual or otherwise in writing, and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time-to-time by us in the Manual or otherwise in writing), the following:

- 1. All "Risks" or "Special" form coverage insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the LINE-X Franchised Business.
- 2. Workers' Compensation and Employer's Liability Insurance as well as such other insurance, with statutory limits, as required by law in the jurisdiction where the Franchised Business is located, Employers Liability or "Stop Gap" insurance, with limits of not less than \$1,000,000 each accident.
- 3. Commercial General Liability Insurance, Occurrence form, including a per location or project aggregate, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring you and us against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Franchised Business including general aggregate coverage in the following limits:

<u>Required Coverage</u>	<u>Minimum Limits of Coverage</u>
General Aggregate.....	\$2,000,000.00
Products/Completed Operations Aggregate	\$1,000,000.00
Personal and Advertising Injury	\$1,000,000.00
Each Occurrence	\$1,000,000.00
Fire Damage (any one fire)	\$50,000.00
Medical Expense (any one person)	\$5,000.00
Garage Policy	\$50,000.00 (limit)
(covers physical damage to customer vehicles)	

- 4. Pollution/Environmental Legal Liability Insurance, \$1,000,000 each Occurrence and a \$2,000,000 Aggregate, covering bodily injury, property and environmental damage including clean

up, removal, containment and treatment of pollutants, arising out of the Franchised Business operations. The policy shall include coverage related to the handling, transportation, storage or disposal of pollutants. If the policy is on a claims made form, such insurance shall provide a retroactive date prior to the commencement of operations of the Franchised Business, and, an extended claims reporting period of not less than 3 years after the expiration or termination of this agreement.

5. Business Interruption Insurance for actual losses sustained for a twelve (12) month period minimum.

6. Automobile Liability Insurance, including owned, hired and non-owned vehicles coverage, with a combined single limit of at least \$1,000,000.

7. Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 6 of this Agreement.

8. Such additional insurance and types of coverage as may be required by the terms of any lease for the Premises, or as may be required from time-to-time by us.

We reserve the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from us, you agree to revise your coverage as specified by us in such notice.

C. Insurance Certificates and Endorsements. You will forward to us a certificate(s) of such insurance, within sixty (60) days of the signing of this Agreement, but in no event later than thirty (30) days prior to commencement of operations of the Franchised Business, and, on any renewal of such insurance while the Agreement is in effect.

The certificate(s) will provide that:

(a) for Commercial General Liability and Automobile Liability insurance, LINE-X Franchising LLC (and its participating Affiliates) be named as "additional insureds", as their interest may appear, with respect to this Agreement;

(b) thirty (30) days prior written notice of cancellation, material change or exclusions to the policy will be given to us;

(c) coverage is primary and not excess of, or contributory with, any other valid and collectible insurance purchased or maintained by us; and,

(d) Waiver of Subrogation in favor of us, as respects the Commercial General Liability, Automobile Liability, Workers Compensation and Employers Liability Insurance when permissible by law..

FOR ITEMS (a), (b), (c) and (d), WITHIN THIS SUB PARAGRAPH, SEPARATE ENDORSEMENTS SHALL BE ATTACHED.

D. Additional Insured Endorsement. The "Additional Insured Endorsement" must be approved in writing by us and name us and our respective officers, directors, partners, members, affiliates, subsidiaries and employees as additional insureds. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20 26 or any other form approved in writing by us that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of us or other additional insureds. You shall maintain such additional insured status for us on your general liability policies continuously during the term of this Agreement.

E. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by us. Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by you to us for approval.

F. Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you.

G. Your obligation to obtain and maintain the forgoing insurance policy or policies in the amounts specified shall not be limited by reason of any insurance that may be maintained by us nor relieve you of liability under the indemnity provisions set forth in this Agreement. Your insurance procurement obligations under this Section 9.5 are separate and independent of your indemnity obligations.

10. MARKETING.

10.1 Marketing Fund.

A. We have established an advertising, publicity and marketing fund (the "Marketing Fund") to promote LINE-X Stores and the Brand. You will contribute to the Marketing Fund a Marketing Fund Contribution of either (i) \$0.10 to \$0.20 per pound of Coating Products purchased from us, or (ii) a percentage of your Gross Volume (not to be less than 1% of Gross Volume, nor more than 5% of Gross Volume). Such Marketing Fund Contribution will be payable at the same time and in the same manner as you pay for the Coating Products, or, in the case of a Marketing Fund Contribution based on a percentage of Gross Volume, you must pay monthly as we require. We may require contributions to the Marketing Fund on thirty (30) days' Notice, and may cancel or put on hiatus the Marketing Fund on thirty (30) days' Notice.

B. We have sole discretion over all matters relating to the Marketing Fund, and all related matters (consistent with its purposes and the provisions of this Agreement). The Marketing Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the Internet; administration expenses; legal fees incurred by or spent defending the Marketing Fund, brand/image campaigns; media; national, regional and other marketing programs; activities to promote current and/or future LINE-X Stores and the Brand; agency and consulting services; research, any expenses approved by us and associated with franchisee advisory groups (if any); and all or portions of the salaries, benefits or expenses of people we employ who work on Marketing Fund matters (except that such salaries, benefits or expenses will be charged pro rata based on the time they spend on Marketing Fund matters.) Among other things, Marketing Fund Contributions may be used for website development/operation and to pay Internet, Intranet, URL, 800 or similar number, and other charges, fees and/or expenses. A brief statement regarding the availability of LINE-X franchises may be included in advertising and other items produced using the Marketing Fund.

C. We and/or any Franchisor-Related Persons/Entities can provide goods, services, materials, etc. (including administrative services and/or "in-house advertising agency" services) and be compensated and/or reimbursed for the same by the Marketing Fund, provided that any such compensation must be reasonable in amount. We can arrange for goods, services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Marketing Fund. While we're not required to do so, if we have formed a franchise advisory council (FAC) and submit any matters for approval to the FAC and approval is granted by a majority of the members, the approval will be binding on you.

D. The Marketing Fund will be accounted for separately and may be used to pay all administrative and other costs of the Marketing Fund related to its activities and purposes and/or as authorized by the relevant Franchise Agreements. All taxes of any kind incurred in connection with or related to the Marketing Fund, its activities, contributions to the Marketing Fund and/or any other Fund aspect, whether imposed on us, the Marketing Fund or any other related party, will be the sole responsibility of the Marketing Fund. We will prepare financial statements for the Marketing Fund annually, which will be furnished to you upon written request. Such statements may be audited and any related accounting/auditing costs will be paid by the Marketing Fund. Funds in the Marketing Fund must be expended, prior to termination of the Marketing Fund, only for the purposes authorized by the relevant Franchise Agreement(s.) No profit, gain or other benefit will directly accrue to us from the Marketing Fund. All interest earned on monies contributed to, or held in, the Marketing Fund will be remitted to the Marketing Fund and will be subject to the restrictions of the relevant Franchise Agreement(s.)

E. You acknowledge and agree that we have no obligation to ensure that expenditures by the Marketing Fund are or will be proportionate or equivalent to contributions to the Marketing Fund by LINE-X Stores operating in any geographic area, or that any LINE-X Store will benefit directly, indirectly or in proportion to its contribution to the Marketing Fund.

F. Subject to the express requirements of this Agreement that your contributions will only be spent as authorized herein, you agree that we may deny access to any and all programs and/or materials created by, and benefits of, the Marketing Fund to you and to any LINE-X Franchisees who are not in Good Standing.

10.2 Your Marketing Activities.

A. We recommend that you spend 5% of your Gross Volume each quarter on local advertising and promotion of your LINE-X Store. We reserve the right, at our sole discretion, to make this recommendation a requirement in the future. We can require you to spend up to seven percent (7%) of your Gross Volume each quarter on local advertising and marketing activities. We will designate the percentage that you must spend on local advertising and marketing with 60 days advance written notice to you. We may lower or raise (not to exceed 7%) this amount. Upon our request, you will submit verification of your expenditures in a form prescribed by us in our Business Judgment.

B. Your advertising will be in good taste and conform to ethical and legal standards and our requirements. Your advertising and use of the Marks in advertising may not be associated with off-color content, pornography, vulgarities, or other unsuitable content. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. We retain the right to approve or disapprove of such advertising based on our Business Judgment. You agree not to use any materials or programs disapproved by us.

C. We must approve any form of co-branding, or advertising with other brands, products or services, in writing, in advance.

D. You must confine all marketing efforts, including, but not limited to, advertising, promotion, solicitation, and truck pick up and delivery to your Territory. You agree that you will not solicit business or pick up trucks from customers outside your Territory. For mass circulation publications (e.g., the Yellow Pages or daily newspapers) or television, radio or cable which may cover more than one franchisee's territory, you agree to share advertising costs and expenses pro rata, based on the estimated audience in each territory. You understand that it is not practical or possible to restrict all advertising, either yours or that of other franchisees, from overlapping or leaking into a protected Territory.

E. For regional trade shows, convention center activities, county fairs, and other similar promotional events which may take place in one franchisee's territory, but which draw an audience from a wide geographic area, Franchisor will determine which franchisee or franchisees may participate, present

and advertise at such shows, regardless of whether the actual activity takes place in a protected territory. Franchisor will either allow equal participation at such events, or rotating participation among several franchisees over a period of years, or, if you decline to participate in a trade show or other activity in your Territory, Franchisor may permit other franchisees to participate. Franchisor may apply objective criteria (such as whether a Franchisee is in Good Standing, has met Minimum Performance Standards, or has the capacity for the type of business advertised) in determining who may participate in any such show or event.

10.3 Franchisee Marketing Group(s) ("Co-Ops"). We may decide to form one or more associations and/or sub-associations of LINE-X Stores to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering your area, then you must join and actively participate. Each Store will be entitled to one (1) vote, but in order to vote franchised Stores must be in Good Standing. You may be required to contribute such amounts as are determined from time to time by such Co-Ops.

11. RECORDS AND REPORTING.

11.1 Bookkeeping, Accounting and Records. You must maintain books and records, including records of purchases and sales, tax returns, and other records typical for a business of this type and size. Such records may include, but are not limited to, sales and operations reports for each month, quarter and year; fiscal year-end balance sheet and income statement for your business, verified and signed by you; customer data and information; records of complaints and warranty obligations; and such other data as we may from time to time require.

11.2 Reports, Financial Statements and Tax Returns.

A. If we request it, you will provide to us such information regarding the customer data and information; records of complaints and warranty obligations, sales and operation of your LINE-X Store, and in such form and format, as we specify from time to time in our Business Judgment.

12. INSPECTIONS AND AUDITS.

12.1 Our Inspections, etc. We and/or our agents will have the right, at any time during business hours, and without prior notice to you, to: i) inspect your LINE-X Store and related activities and items and record the same; ii) remove samples for testing and analysis; iii) interview personnel; iv) interview customers; and v) conduct inventories. You agree to cooperate fully in connection with such matters. We may require you or an individual designated by us to meet at our headquarters or other location designated by us, for the purpose of discussing and reviewing your LINE-X Store's operations, financial performance and other matters.

12.2 Audit. We and/or our agents will have the right at any time during business hours, and without prior notice to you, to inspect and/or audit business records relating in any way to your LINE-X Store and the books and records of any person(s), corporation or partnership which holds, or does business with, the Franchised Business. Such business records may include, but are not limited to, bookkeeping and accounting records, sales and income tax records and returns, cash register tapes, invoices, and deposit receipts. Our right to audit includes the right to access all cash registers, computers and other equipment by electronic means. You agree to cooperate fully with such an audit.

12.3 Use of Financial Data, Customer Information and Surveys and Quality Controls. You agree that we have the right to use any financial report or statement, or any information derived therefrom, relating to the Franchised Business, for aggregate statistical purposes, such as in a financial performance representation, without providing your name. You further consent to our use and publication of income and expense information related to your Franchised Business within our System via Intranet or other non-public media. You agree that; (i) any information that you provide to us in your reports or financial statements that includes any customer information collected or received electronically via the Internet or in any other format will be provided to us with the informed consent of the customer,

and (ii) we will rely on this representation by you and accordingly you will indemnify us for any breach of this Section 12 in accordance with Section 6.3. We may institute various programs for auditing customer satisfaction and/or other quality control measures. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time.

13. TRANSFER.

13.1 Transfers by Us. This Agreement, and any or all of our rights and/or obligations under it, are fully transferable by us, in whole or in part, without your consent; any such transferee shall appear at the time of the transfer to have financial resources reasonably appropriate to fulfill its obligations under this Agreement. If we transfer this Agreement, only the transferee will have obligations to you and our obligations (and those of any of the Franchisor-Related Persons/Entities) will be extinguished. You specifically agree that we may be sold and/or we may sell any or all of our intellectual property and/or other assets (including the Marks); go public; engage in a private or other placement of some or all of our securities; merge, acquire other entities and/or assets (competitive or not); be acquired by a competitive or other entity; and/or undertake any refinancing, leveraged buy-out and/or other transaction. You agree that we will have no liability to you resulting from our entering into any transactions permitted hereunder. We also may, on a permanent or temporary basis, delegate any or all of our duties to another company to perform. In such event, you will look only to such other company for the performance of such duties.

13.2 Transfers by You. The rights and duties created by this Agreement are personal to you (or your owners, if the Franchisee is a Business Entity). We have awarded the Franchise relying on the individual integrity, ability, experience and financial resources of you or such owners. Therefore, this Agreement, the Franchise, the Franchisee, or your LINE-X Store (or any interest in, or the ownership or assets of, any of them) may not be transferred without our prior written approval. We may place reasonable conditions on our approval of any transfer by you.

13.3 Conditions for Approval of Any Transfer.

A. All of the following conditions must be met prior to, or concurrently with, the effective date of any transfer. We may waive any condition in our sole and absolute discretion.

1) You must be in compliance with this Agreement, the Manual, all other agreements between you and us (including any of our respective Affiliates), and all leases/subleases with any party, and the transferee must expressly assume all obligations under all such agreements.

2) The transferee and its owners must meet our then-current requirements for new franchisees, including but not limited to business experience, aptitude and financial resources, and the transferee must complete or agree to complete our training program for new franchisees.

3) Any and all promissory notes owed by you to us or our affiliates shall be accelerated and paid in full.

4) All obligations to third parties in connection with your LINE-X Store must be satisfied or assumed by the transferee.

5) Your LINE-X Store must have been brought into full compliance with the Manual and specifications and standards then-applicable for a new LINE-X Store.

6) The transfer will occur through the use of an escrow or a closing attorney, as applicable, and the escrow or closing instructions will provide for (i) payments of all fees owed to us, including transfer fees, training fees and any other amounts; and (ii) a reasonable 'hold back' or retention for a period not to exceed 12 months, to provide for correction of defects in workmanship committed by you, or for payment to the transferee of warrantied work performed by you.

7) The transferee must, at our option, i) agree to be bound by all the terms and

conditions of this Agreement for the remainder of the term, or ii) execute our then-current form of franchise agreement and ancillary documents (including guarantees) as are then customarily used by us in the grant of franchises; the term of such new franchise agreement shall, at our option, be either for the balance of the term of this Agreement or for the full term generally awarded to new franchisees as of the time of the transfer.

8) You or the transferee must pay us a non-refundable transfer fee of Ten Thousand Dollars (\$10,000), with your application for a transfer.

9) You and each of your owners and/or Affiliates, and the transferee (and each owner and/or Affiliate of the transferee,) must sign a General Release.

10) You must provide customer and warranty information to the transferee, and the transferee must agree to honor all warranties on work performed by you.

11) You will agree with the transferee not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 7.2 B, above.

B. We may withhold or condition our consent to any transfer if we believe that the terms of transfer jeopardize the economic viability of the franchise and/or if we would not normally directly award a franchise in such a situation.

C. You agree that we may (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of your franchise, etc.) You expressly consent to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise.

D. Neither you nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. You acknowledge and agree that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

13.4 Additional Conditions for Transfer to a Business Entity. We will consent to a transfer from you to a Business Entity entirely owned by you and formed for the sole purpose of operating the LINE-X Store if the conditions described in 13.3, above, or such other reasonable conditions that we may impose are met. Such a transfer will not relieve you of your obligations under this Agreement. You will remain jointly and severally liable to us for your and the Business Entity's obligations.

13.5 Death or Disability of Franchisee. If the Franchisee, or if the owner of the Franchisee with a controlling interest, dies or is permanently disabled, then his or her interest in this Agreement, the Franchise and/or the Franchisee shall be transferred to a third party subject to all of the provisions of this Section 13. A "permanent disability" occurs if you are not able to personally, actively participate in the management of your LINE-X Store for six (6) consecutive months. Any transfer under this Section shall be completed within six (6) months from the date of death or permanent disability. If no transfer occurs, the Franchise will automatically terminate at the end of such period, unless a written extension is granted by us in our Business Judgment.

14. FRANCHISE RENEWAL

14.1 Your Rights.

A. If you are awarded this Agreement for the initial term of your franchise, then this Agreement terminates at the expiration of the initial term. At that time, subject to the provisions of this Section 14, you will be eligible to be awarded a successor franchise. The successor Franchise Agreement may differ materially from this one in financial and other ways and terms. Subject to all the

provisions in this Agreement, the successor term(s) will be for two (2) additional consecutive five (5) year periods, but you must meet all the successor and renewal criteria set forth in the Agreement at the end of the first five (5) year successor term before exercising the second five (5) year successor term.

B. If we (i) make an announcement (at any time) that we have made a determination that continued franchising (on a national, regional or other basis) is not appropriate for reasons that relate to our economic or other interests and that we do not intend to continue to regularly award franchises and maintain a franchise program for LINE-X Stores in your state; and (ii) do not open or award franchises for LINE-X Stores in your state for twenty four (24) months after the date of such announcement (provided that we may award renewal or successor franchises where an older form of Franchise Agreement or otherwise requires us to do so, and/or continue to service existing Franchisees under outstanding agreements), then we will not be required to offer you any successor franchise, or renewal or similar rights and will have no liability or obligation to you with respect thereto. You agree that if any statute or court decision requires "good cause" (or any similar standard) for non-renewal, compliance by us with the provisions of this subsection will be considered to be good cause.

C. You agree that these provisions are commercially reasonable because commercial and other developments may make further participation in franchising by you or us inappropriate. Therefore, just as you have the option to not accept a successor franchise, we have the option to no longer award successor or other franchises, or grant renewals, in certain circumstances.

14.2 Notice of Election.

A. This Agreement does not automatically renew, nor is any successor franchise automatically awarded. You must give us written notice of your election to obtain the successor franchise not less than six (6) months, but not more than twelve (12) months, before the expiration of the initial term of this Agreement, and you must satisfy the requirements set forth in Section 14.3, below. Within ninety (90) days after our receipt of the notice, we will give to you in writing:

1) any reasons which could cause us to not award the successor franchise, including any deficiencies requiring correction; and

2) our then-current requirements relating to the image, appearance, and equipping for a LINE-X Store (collectively, the "specifications and standards then-applicable for new LINE-X Stores").

B. If you are subject to a Correction Process under Section 15.5 when (i) you provide us with notice of your intent to obtain a successor franchise, or (ii) the successor franchise would be awarded, then we may choose in our Business Judgment to defer the award of any successor franchise until you have successfully complied with the applicable LINE-X Performance Standards (as that term is defined in Section 15.5, below.)

14.3 Conditions to the Award of a Successor Franchise. Any award of the successor franchise must meet all of the following conditions, together with the then-current standards applicable to successor franchisees:

A. You (and each affiliate of yours) must be in Good Standing;

B. Your LINE-X Store and its operations must fully comply with all specifications and standards then-applicable for new LINE-X Stores and with the Manual by the expiration of this Agreement;

C. You (and each affiliate of yours) must have paid all amounts owed to us and any Franchisor-Related Persons/Entities;

D. You must have executed our then-current form of Franchise Agreement and related documents then customarily used by us (with appropriate modifications to reflect the fact that the

Franchise Agreement to be awarded relates to a single successor franchise as contemplated by this Agreement). You will not be required to pay the then-current initial franchise fee, and we will not be required to provide you any site location, initial training or other "start-up" services in connection with the award of any successor franchise;

E. You must have complied with our then-current qualification and training requirements, including, but not limited to, attending refresher training. There will be no charge for any retraining program(s), but you will be responsible for all travel, meals, lodging and other expenses of your personnel; and

F. You (and each owner and/or affiliate of yours) must have executed a General Release, except for any claims exclusively related to the successor franchise (where expressly so required by applicable law).

Failure by you and/or your owners to provide us with notice of your election to renew, and to timely complete all requirements will be deemed an election by you not to obtain the successor franchise.

15. TERMINATION OF THE FRANCHISE.

15.1 Defaults with No Right to Cure. This Agreement will automatically Terminate upon delivery of our written Notice of Termination to you in compliance with Section 18 (without further action by us and without opportunity to cure) if you (or any of your owners):

A. fail to timely meet the site selection, development, opening and other requirements provided in Sections 3.1 and 3.4, above;

B. abandon or fail to operate your LINE-X Store for more than seven (7) consecutive calendar days;

C. make any material misrepresentation or omission in your application for the Franchise, including (but not limited to) failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses);

D. are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, or a petition under any bankruptcy law is filed by or against you or any of your owners or a receiver or other custodian is appointed for a substantial part of the assets of your LINE-X Store;

E. are convicted of, or plead no contest to, a felony, or to any crime or offense, or engage in any misconduct (including, but not limited to, child abuse, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at your LINE-X Store) that is likely to adversely affect the reputation of the Franchise or any owner, your LINE-X Store, us or the goodwill associated with the Marks (including, but not limited to, child abuse, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at your LINE-X Store);

F. make, or attempt to make, an unauthorized "transfer" as defined in this Agreement or surrender control without our prior written approval;

G. violate any of the In Term or Post Term Restrictions against competition provided in Section 7.2, above (or any other person identified therein commits such a violation);

H. have three (3) or more material customer complaints with respect to your LINE-X Store in any twelve (12) month period, whether or not resolved; and

I. fail to permit or cooperate with us or our designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you.

15.2 Defaults with Right to Cure. This Agreement will automatically terminate on delivery of our written Notice of Termination to you in compliance with Section 18 (without further action by us and without further opportunity to cure beyond that set forth in this Section):

A. **10 Day Cure.** If within ten (10) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

- 1) failure to maintain required insurance;
- 2) failure to correct any condition that, in our reasonable judgment, might pose a danger to public health and/or safety;
- 3) failure to submit any report due under this Agreement;
- 4) failure to make payments of any amounts due us, any Franchisor-Related Person/Entity, any designee of ours and/or any supplier/creditor of yours and do not correct such failure(s);
- 5) failure to comply with any of the dispute resolution provisions of this Agreement, including (but not limited to) failure to pay/deposit any amounts or otherwise and/or unexcused failure to appear or respond to any dispute resolution proceedings.

With respect to items A.1 and/or A.2 above, we may require you to immediately cease all operations until such defaults are fully cured.

B. **30 Day Cure.** If within thirty (30) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

- 1) delinquency in payments owed to us or our affiliates;
- 2) delinquency in your obligations to taxing authorities, landlords, equipment lessors, suppliers or others;
- 3) failure to comply with any other provision of this Agreement, any other agreement with us and/or any Affiliate of ours, or any specification, standard or operating procedure or rule prescribed by us in the Manual or by other writing which does not provide for a shorter notice period.

If any such default under this Section 15.2 B cannot reasonably be corrected within such thirty (30) day period, then you must undertake diligent efforts within such thirty (30) day period to come into full compliance. You must furnish, at our request, proof acceptable to us of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within ninety (90) days after delivery of the initial written notice to you of Termination.

15.3 Repeated Defaults. This Agreement will automatically Terminate upon delivery of our written Notice of Termination to you in compliance with Section 18 (without further action by us and without opportunity to cure) if you have committed two (2) or more applicable defaults within any twelve (12) consecutive months, or three (3) or more applicable defaults within any twenty-four (24) consecutive months. An "applicable default" is a single breach of any obligation under this Agreement and/or the Manual, or under any other agreement with us and/or any of our Affiliates, whether or not such default is cured, or is the same as or similar to a prior event of default.

15.4 Cross-Defaults. Any default by you (or any owner or affiliate of yours) under this Agreement may be regarded by us as a default under any other agreement between us (or any Franchisor-Related Persons/Entities) and you (or any owner or affiliate of yours). Any default by you (or any owner or affiliate of yours) under any other agreement or any other obligation between us (or any Franchisor-Related Persons/Entities) and you (or any owner or Affiliate of yours) may be regarded as a default under this Agreement.

15.5 Failure to Meet Performance Standards.

A. You and we have a shared interest in your LINE-X Store performing at or above the LINE-X System Standards, and meeting or exceeding certain minimum levels of product purchases ("Minimum Purchase Standards"). Together the System Standards and Minimum Purchase Standards are referred to as the "Performance Standards." We would not have entered into this franchise relationship with you if we had anticipated that you would not meet or exceed the Performance Standards. We have developed a "Platinum Standards of Service" program that offers elite recognition, rewards and benefits, including eligibility for reimbursements, to encourage Line-X Franchisees to meet or exceed the Performance Standards.

B. LINE-X System Standards. We may choose, in our Business Judgment, to evaluate your LINE-X Store for compliance with LINE-X System Standards using various methods (including, but not limited to, inspections, field service visits, customer comments/surveys, and secret shopper reports.) We reserve the right to terminate this Agreement if you receive three (3) or more material customer complaints about the quality of your workmanship in any twelve (12) month period, whether or not such complaints are resolved.

C. LINE-X Minimum Purchase Standard. At any time, we may choose, in our Business Judgment, to compare your purchases to the then-current "Minimum Purchase Standard." Our current Minimum Purchase Standard is 925 pounds of Coating Products per month per 100,000 persons in your Territory. For territories with smaller or larger populations, the amount of Coating Products used to calculate the Minimum Purchase Standard is *pro rated*.

If for two (2) consecutive quarters (or three quarters in any 24 months) you drop below the Minimum Purchase Standard, or any replacement standard, or if you fail to purchase Coating Products in any three (3) month period, we can, at our election, (i) reduce the size of your Territory; and/or (ii) terminate the exclusivity in your Territory and permit other franchisees to market in your Territory; and/or (iii) award other franchises in your Territory; and/or (iv) terminate this Agreement. In any case, we reserve the right to add or discontinue client products in the future as market changes and technology evolve, or for other reasons in our Business Judgment, which may result in modification of the Minimum Purchase Standard.

D. We reserve the right to make reasonable revisions to elements of the Minimum Purchase and/or System Standards on 90 days written advance notice to you.

E. We may (but are not required to) implement the correction process described in 15.5 F, below, if you fail to meet System Standards or Minimum Purchase Standard.

F. Correction Process

1) If we notify you of your failure to meet any Performance Standard, then you will have six (6) months from our delivery of written notice to you in accordance with Section 18, below, to meet all applicable Standards.

2) We will reasonably cooperate with and assist you in your efforts to meet your performance requirements. Among other things, we can (i) require you and/or your manager to attend and successfully complete a re-training seminar at our then-current headquarters, with you to pay all

related travel, meals, lodging and incidental expenses, or (ii) send a trainer to your location to present a re-training seminar, which you and your manager must successfully complete, with you to pay us a \$500 per day re-training fee (maximum: \$1,500).

3) As part of the correction process, you agree to sign a probation report which clearly sets forth an admission by you of the problems identified, the remedial actions taken, and the consequences for repeated failure or defaults.

G. If within such six (6) months your LINE-X Store does not meet the required Performance Standards, then we can reduce, eliminate or otherwise modify your territorial rights.

H. Nothing in this Section is intended to limit or diminish in any way any rights or remedies provided us under this or any other agreement, at law or in equity. The fact that any correction process may be ongoing shall not prevent us from exercising any such rights and/or remedies, including any right to terminate this Agreement for another default under this or any other agreement.

15.6 Non Exclusive Remedies. Whenever we have a right to terminate this Agreement, we (and any Franchisor-Related Person/Entity) will have all remedies allowed at law and in equity. No right or remedy which we may have (including Termination) is exclusive of any other right or remedy, and we may pursue any rights and/or remedies available. In every instance in which we have the right to terminate this Agreement under this Section 15, we may elect in our Business Judgment to cancel any and/or all of your territorial rights.

15.7 Our Right To Discontinue Supplying Items Upon Default. We and any Franchisor-Related Persons/Entities have the right, in addition to all other rights and remedies, to require upon the issuance of a default that you pay by certified check, or pre-pay for any goods/services related to the operation of your Franchise Business. We and any Franchisor-Related Persons/Entities also have the right to stop selling and/or providing any goods and/or services to you until you have cured all defaults.

15.8 Prompt Notice of Claims by You. If you claim that a default has been committed by us (or that you have any other basis for terminating your obligations and our rights under this Agreement or making any other claim against us,) you must give us written notice and thirty (30) days to cure. If we cannot reasonably cure within such thirty (30) day period, and we are diligently continuing efforts to cure, then we will have ninety (90) days to cure. Any applicable statutes of limitations will be tolled during such 30/90-day periods. You further understand that you are not permitted to terminate this Agreement for any default committed by us, except as permitted by applicable law.

16. RIGHTS AND OBLIGATIONS ON TRANSFER, REPURCHASE, TERMINATION AND/OR EXPIRATION OF THE FRANCHISE.

16.1 Payments of All Amounts Owed, Etc. You must pay all amounts of any kind owed to us and/or any Franchisor-Related Persons/Entities in conjunction with the Transfer, Termination or expiration of the Franchise.

16.2 Intellectual Property, Confidential Information, Trade Dress, Etc. After any Transfer, Termination or expiration of the Franchise:

A. You agree to immediately and permanently discontinue your LINE-X business and any use of the Intellectual Property and/or the Confidential Information, and will not use any similar or derivative marks, or materials, or colorable imitations of any of the Intellectual Property in any medium or manner or for any purpose;

B. You will return to us or (at our option) destroy all Manuals, forms, materials, signage and any other items containing any Intellectual Property or Marks, or otherwise identifying or relating to a LINE-X Store (to the extent they have not been assigned in connection with an authorized Transfer);

C. You will take such actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Mark which have not been assigned in connection with an authorized Transfer;

D. You will remove from the Premises any distinctive signage, physical and/or structural features associated with the LINE-X Store(s), so that the Premises are clearly distinguished from other LINE-X Stores and do not create any public confusion (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);

E. You agree not to identify yourself, or any business you may operate or in which you may become involved, or to advertise or promote yourself in any manner, as a present or former LINE-X franchisee; and

F. You will furnish to us within thirty (30) days satisfactory evidence of your compliance with the obligations described in this Section 16.2 and in Section 16.3, below. If you operate any business using any of the Intellectual Property, Marks, Confidential Information or any aspect of the System, our remedies will include (but will not be limited to) recovery of the greater of (i) all profits earned by you in the operation of such business, or (ii) all royalties, advertising contributions and other amounts which would have been due if this Agreement remained in effect with you.

16.3 Telephone and Other Directory Listings, Internet Sites.

A. You understand and agree that we own all telephone numbers, domain names, Internet addresses/sites and/or other communications services links (collectively, the "Numbers"), and any related directory listings/advertising, used in connection with the operation of your LINE-X Store. We may, in our Business Judgment, require you to sign an assignment of such Numbers prior to training or at another time. After any Termination, Repurchase and/or expiration of the Franchise, you will promptly transfer, call-forward, discontinue or otherwise deal with the Numbers and any related directory listings/advertising as we direct, at your own expense. You agree to sign any documents and/or pay any amounts required by a telephone/communication services provider as a condition to our exercising any rights under this Section. By signing this Agreement, you irrevocably appoint us your attorney in fact to take any such actions regarding the Numbers and any related directory listings/advertising if you do not do so yourself within ten (10) days after the Termination, Repurchase or expiration of this Franchise. Such companies may accept this Agreement as conclusive evidence of our exclusive rights in such Numbers and related directory listings, web pages and advertising/marketing. If we are required to pay any amounts owed by you, to any telephone/communication services provider or otherwise, in connection with our exercising our rights under this Section or otherwise obtaining/exercising rights to the Numbers, you will immediately reimburse us for such amounts and all related costs, on demand.

16.4 Continuing Obligations.

A. All obligations and rights which expressly or by their nature survive the Transfer, expiration or Termination of this Agreement will continue in full force and effect until they are satisfied or by their nature expire.

B. If this Agreement is terminated because of a default of yours, you will not be released or discharged from your obligations, including payment of all amounts then due. Our remedies will include (but are not limited to) the right to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to us or any Affiliates of ours. You (and each of your owners/Affiliates) agree to sign a General Release if we choose in our Business Judgment to waive our rights to collect any amounts that would have become due if you had continued in operation as a LINE-X Franchisee.

C. If this Agreement is terminated because we cease to be in the business of both awarding and maintaining LINE-X franchises, then you may enter into a similar business so long as none of the LINE-X Program, Intellectual Property, Marks, System, Trade Dress, materials, supplies and anything else utilized in the creating or delivery of the LINE-X Program are not used in any way in the operation or creation of the similar business.

17. DISPUTE AVOIDANCE AND RESOLUTION.

For the purposes of this Section 17, "you" shall be deemed to include your owners, Affiliates and their respective employees, and "we" shall be deemed to include "Franchisor-Related Persons/Entities."

17.1 Mandatory Binding Arbitration, Waiver of Right to Trial in Court, Etc. You and we believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. You and we have agreed that the provisions of this Section 17 support these mutual objectives and, therefore, agree as follows:

A. Claim Process: Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where you are acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving you and us on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be submitted to and resolved by binding arbitration before a single arbitrator in the County where our then headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction (subject to the opportunity for appeal as contemplated below). You and we each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 17.1 D.

B. Confidentiality: The parties to any arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

C. Fees and Costs: The parties will bear their own fees and costs, including attorney's fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration against the party who does not prevail.

D. Disputes Not Subject to the Arbitration Process: Claims or disputes relating primarily to the validity of the Marks and/or any Intellectual Property licensed to you may be subjected to court proceedings, at our sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any Intellectual Property licensed to you and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Process outlined above.

E. Your and Our Intentions: You and we mutually agree (and have expressly had a meeting of the minds) that, notwithstanding any contrary provisions of state, provincial or other law, and/or any statements in our Disclosure Document required by a state/province as a condition to registration or for some other purpose:

1) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

2) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, shortened periods in which to bring Claims;

3) you and we intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

4) you and we each knowingly waive all rights to a court trial (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring arbitration as provided in this Agreement; and

5) the terms of this Agreement (including but not limited to this Section 17) shall control with respect to any matters of choice of law.

17.2 Venue. Without in any way limiting or otherwise affecting your and our obligations under Section 17.1, above, you and we agree that any litigation will be brought in the state or Federal court in whose jurisdiction our then-current headquarters is located.

17.3 Terms Applicable to All Proceedings, Waiver of Trial by Jury, Certain Claims, Class Action Rights. With respect to any arbitration, litigation or other proceeding of any kind, you and we:

A. knowingly waive all rights to trial by jury; and

B. will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis.

17.4 Limitations on Claims. Neither party may make claims for emotional distress, whether negligent or intentional, nor punitive damages.

17.5 Periods in Which to Make Claims. No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either you or us will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

2) Eighteen (18) months after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party (ies) have been found liable and any time for appeals has run in the underlying action.

17.6 Our Exercise of "Business Judgment" and/or Meaning of "Sole Discretion"; Express Agreement. When we use the phrases "sole and absolute discretion", "sole discretion" and/or "Business Judgment", whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider your individual interests or the interests of any other franchisee(s). You, we and all other franchisees have a collective interest in

working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the LINE-X System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

17.7 Severability; Substitution of Valid Provisions. Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution).

17.8 Choice of Laws. You and we agree on the practical business importance of certainty as to the law applicable to your and our relationship and its possible effect on the development and competitive position of the System. Therefore, you and we also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning you and us, will be governed by, and construed and enforced in accordance with, the laws of Alabama; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall not apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section. You and we agree that this provision shall be enforced without regard to the laws of Alabama relating to conflicts of laws or choice of law.

17.9 Application of Agreement to Parties and Others; Joint and Several Liability.

A. The rights and obligations of this Agreement run directly between you and us and are not intended to create any third-party beneficiary or similar rights or obligations unless specifically expressed in this Agreement; except that the protections which apply to us relating to indemnification and/or releases shall also apply to any past, current and/or future Franchisor-Related Persons/Entities as if they were expressly named beneficiaries thereof.

B. We have the right to elect in our Business Judgment to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to you and/or any other franchisee or other person, in a lawful manner without liability.

C. If two (2) or more persons are at any time the Franchisee or the Franchisee owners, all of their obligations and liabilities under this or any other agreement with us and/or any Franchisor-Related Persons/Entities will be joint and several.

18. NOTICES.

All written notices and reports to be delivered by the provisions of this Agreement or of the Manual will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at LINE-X, Franchising LLC at our then-current headquarters) to the attention of the CEO, and to you, at your LINE-X Store. Until your LINE-X Store has opened for business, we may send you notices at any address appearing in your application for a franchise or in our records.

19. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.

A. You and we agree that your and our relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people with

arms length dealings.

B. You and we agree that this Agreement contains the final, complete and exclusive expression of the terms of your and our agreement (along with concurrently signed writings, such as but not limited to personal guarantees, Statement of Prospective Franchisee, addenda, exhibits, releases and any other related documents {collectively, the Related Documents}) and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement are expressly disclaimed by you and us, including but not limited to any promises, options, rights-of-first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by you in connection with your application for this franchise). Neither you nor we believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations we made to you in the Franchise Disclosure Document or in any related document that we heretofore furnished to you.

IN WITNESS WHEREOF, you and we have executed and delivered this Agreement in _____ counterparts on the day and year first above written to be effective upon execution by Franchisor.

FRANCHISOR:

LINE-X Franchising LLC
a California limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE (Individual):

Signature

Printed Name

Signature

Printed Name

[Signatures Continued on Next Page]

FRANCHISEE (Corp., LLC or Partnership):

Legal Name of Franchisee Entity

a _____ (Jurisdiction of Formation)
Corporation, LLC or Partnership

By: _____

Print Name: _____

Title: _____

LINE-X Franchising LLC
Exhibit 1

**OWNER'S GUARANTY AND ASSUMPTION OF
BUSINESS ENTITY FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution by LINE-X Franchising LLC, a California limited liability company ("Franchisor") of a franchise agreement of even date herewith (the "Agreement") between Franchisor and _____, a (n) _____ (state/province of formation) _____ (type of entity: LLC, LLP, corporation, etc.) (the "Business Entity Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally:

1) guarantees to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended and/or otherwise changed in the future, including any successor franchise agreement;

2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity and Post Termination Provisions), as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

3) agrees to be personally bound by, and personally liable for, each past, current and/or future obligation of the Business Entity/Franchisee to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns.

The undersigned intends that the guarantees and other obligations herein be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor, and/or its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns, need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its/their sole and absolute discretion.

Each of the undersigned waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices whatsoever, including (without limitation): acceptance and notice of acceptance, notice of any contracts and/or commitments, notice of the creation and/or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof; notice of any defaults, disputes or controversies between the Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof; any right the undersigned may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty will be joint and several;
- (2) he and/or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;
- (3) such liability will not be contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;
- (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or otherwise may from time to time grant to the

Business Entity Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

(5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the Termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;

(6) terms not defined in this document shall have the meanings assigned in the Agreement;
and

(7) the provisions of Section 17 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns and any of the undersigned.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Business Entity Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and each of their successors and assigns. On request made at the time of signing this document, the Franchisor will grant the undersigned Guarantor(s) a Limited Release.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP
OF BUSINESS ENTITY FRANCHISEE

_____%
_____%
_____%
_____%

Business Entity Franchisee:

_____, a _____ corporation.

By: _____

Print Name: _____

Its: _____

LINE-X Franchising LLC
Exhibit 2.1

ACCEPTED PREMISES & PRE-EXISTING BUSINESSES

The address and location of the "Accepted Premises" is set forth on the first page of this Franchise Agreement dated _____:

Franchisee currently operates the following businesses at or near the Accepted Premises. The operation of other businesses at or near the Accepted Premises would normally violate the terms of the Franchise Agreement. However, Franchisor hereby consents to the operation of these businesses (but no others) from the Accepted Premises:

Name of Business	Relationship to Franchisee	Nature of Business
------------------	----------------------------	--------------------

Franchisee represents and warrants that any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third party rights relating to the Pre-Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of the Franchisee in the Franchised Business and other than the consents of Franchisee and Franchisor there is no other third party consent required for the acquisition of the franchise to be legally binding and effective, and there are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business

FRANCHISOR:
LINE-X Franchising LLC
A California limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

Signature

Printed Name

Signature

Printed Name

LINE-X Franchising LLC
Exhibit 2.1 E

MULTIPLE STORE FRONT ADDENDUM

[Only to be signed when/if Franchisee receives permission to open a store front in addition to the Premises.]

Franchisee's Accepted Premises are as set forth the first page of the Franchise Agreement ("Agreement") dated _____. Franchisee's Territory is as set forth in Exhibit 2.2 to the Agreement. Franchisor hereby consents to Franchisee opening an additional store-front within Franchisee's Territory. The operation of the store-front must comply with all terms of this Agreement and the Manual. A termination, expiration, or non-renewal of the Agreement will automatically terminate the right to operate the additional store-front. Franchisee agrees to comply with all post-termination obligations of the Agreement as it relates to the additional Store Front (e.g., removal of LINE-X signage).

Location of additional Store Front:

FRANCHISOR:
LINE-X Franchising LLC
a California limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

Signature

Printed Name

Signature

Printed Name

LINE-X Franchising LLC
Exhibit 2.2

TERRITORY

The "Territory" is as follows:

Note: Boundary lines include only the area within the boundary line and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a facility on the other side of the boundary line, street or highway or otherwise, and no matter how close to such boundary a facility may be, regardless of the distance from, impact on, or vicinity of, your LINE-X Store or the number of LINE-X Stores, other outlets or otherwise in any area or market. Your rights are limited as set forth in the Franchise Agreement.

FRANCHISOR:
LINE-X Franchising LLC
a California limited liability company

FRANCHISEE:

Signature

By: _____

Printed Name

Print Name: _____

Title: _____

Signature

Printed Name

LINE-X Franchising LLC
Exhibit 2.3

FORM OF MOBILE APPLICATOR AGREEMENT

[Only to be signed when/if you meet our criteria which includes, but is not limited to, being in good standing, attending specialized training, obtaining the designated mobile applicator equipment, obtaining requisite insurance, and satisfying other criteria].

MOBILE APPLICATOR AGREEMENT

This Mobile Applicator Agreement (this "**Agreement**") is entered into this ___ day of _____ 20__ ("**Effective Date**"), by and between **LINE-X Franchising LLC**, a California limited liability company, ("**LINE-X**") and _____ ("**Franchisee**").

RECITALS

A. LINE-X and Franchisee are parties to that certain franchise agreement dated _____ (the "**Franchise Agreement**"), pursuant to which LINE-X granted to Franchisee certain rights to purchase and use certain proprietary polyurethane and polyurea based products known as LINE-X® brand coatings (the "**Coating Products**") at an accepted location (the "**Premises**").

B. Franchisee is currently in Good Standing (as that term is defined in the Franchise Agreement), has attended and completed specialized training for mobile applicators, has purchased the designated equipment for mobile applications, has the requisite insurance, and has met such other reasonable criteria that have been established by LINE-X.

C. Franchisee now desires to obtain the right to spray/apply the Coating Products away from the Premises ("**mobile applications**").

D. Pursuant to and in compliance with the terms of this Agreement, LINE-X is willing to grant the non-exclusive right to Franchisee to use the Coating Products to perform mobile applications within a specified territory.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. **Term.** Commencing on the Effective Date, this Agreement shall be for a one (1) year term, unless sooner terminated as provided herein. Thereafter, this Agreement will automatically renew on a year-to-year basis, but in no event shall the renewal term extend beyond the term of the Franchise Agreement. Either party may terminate this Agreement upon thirty (30) days prior written notice to the other party.

2. **Territory.** Franchisee will have the right to perform mobile applications using the Coating Products in the Territory granted to Franchisee under the Franchise Agreement. Franchisee will not perform mobile applications outside the Designated Territory without the prior written consent of LINE-X. Mobile applications performed outside the Designated Territory may not include applications that might typically be sprayed inside a LINE-X Store, like pick-up trucks.

3. **Use of the Trademarks ("Marks").** Franchisee will have a non-exclusive right to use the Marks as expressly authorized under the Franchise Agreement. Nothing in this Agreement shall be construed to grant Franchisee any proprietary rights or goodwill rights to the Marks.

4. **Purchases.** Franchisee will purchase all Coating Products and/or equipment as required under the terms of the Franchise Agreement. Franchisee will not use any equipment or other items, or offer or deal with any products or services, not approved by LINE-X for mobile applications.

5. **Insurance.** In addition to the insurance required under the Franchise Agreement, Franchisee must carry and maintain any additional liability insurance coverage necessary to satisfactorily cover its obligations under this Agreement. Upon LINE-X's request, Franchisee will provide LINE-X with a Certificate of Insurance evidencing such coverage.

6. **Good Standing.** In addition to complying with the terms of this Agreement, Franchisee must comply with all material terms of the Franchise Agreement and be in Good Standing at all times in order to continue providing mobile applications.

7. **Additional Training.** Franchisee will attend additional and/or refresher training for mobile applications as may be reasonably required by LINE-X from time to time.

8. **Termination of this Agreement.** If Franchisee fails to comply with the terms of this Agreement or fails to remain in Good Standing under the Franchise Agreement, then LINE-X may terminate this Agreement upon delivery of written notice to Franchisee in accordance with the terms of the Franchise Agreement. Franchisor reserves the right to cancel this Agreement if it receives three (3) or more material customer complaints about the quality of Franchisee's mobile work in any twelve month period, whether or not such complaints are resolved.

9. **Warranties and Disclaimers.** All warranties and disclaimers set forth in the Franchise Agreement will apply to this Agreement. Franchisor has no obligation or liability pursuant to any warranty issued by Franchisee.

10. **Notice.** Any notice required by this Agreement shall be given in accordance with the Notice provision in the Franchise Agreement.

11. **Assignment.** Franchisee shall not assign or otherwise transfer its rights under this Agreement without the prior written consent of LINE-X. LINE-X shall have the right to assign and transfer this Agreement and all rights hereunder which shall be binding upon and inure to the benefit of LINE-X's successors and assigns.

12. **Severability.** If any part of this Agreement is adjudged by a court to be invalid, that judgment shall not affect or nullify the remainder of this Agreement.

13. **Entire Agreement.** This Agreement is the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous representations, discussions, proposals, negotiations, conditions, communications and agreements, whether oral or written, between the parties. Provided, however, that this Agreement is not intended to modify or supersede the Franchise Agreement. No amendment, modification or waiver of any provision of this Agreement shall be effective unless in writing and signed by the parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed by their duly authorized representatives.

LINE-X Franchising LLC
a California limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE

Signature

Printed Name

Signature

Printed Name

**EXHIBIT D TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

STATEMENT OF PROSPECTIVE FRANCHISEE

**LINE-X FRANCHISING LLC
STATEMENT OF PROSPECTIVE FRANCHISEE**

**[Note: Dates and Answers Must Be Completed
in the Prospective Franchisee's Own Handwriting.]**

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and LINE-X Franchising LLC (also called the "Franchisor," "LINE-X," "you" or "your") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

- | | |
|--|--|
| 1. _____, 20____

Initials _____ | The date of my/our first face-to-face meeting with any person to discuss the possible purchase of a LINE-X Franchise. |
| 2. _____, 20____

Initials _____ | The date on which I/we received a Uniform Franchise Disclosure Document about a LINE-X Franchise. |
| 3. _____, 20____

Initials _____ | The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement and all other documents I/we later signed. |
| 4. _____, 20____

Initials _____ | The earliest date on which I/we signed the Franchise Agreement or <u>any</u> other binding document (not including any Letter or other Acknowledgment of Receipt.) |
| 5. _____, 20____

Initials _____ | The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company. |

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type (collectively, the "representations"), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the Franchise Agreement or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income,

expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by franchisor, its affiliates or agents/representatives, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Uniform Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each written Addendum and any Personal Guarantees.

Prospective Franchisee's Initials: _____

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a LINE-X Franchise with existing LINE-X Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing LINE-X Franchisees.

Prospective Franchisee's Initials: _____

6. I confirm that, as advised, I've spoken with past and/or existing LINE-X Franchisees, and that I made the decision as to which, and how many, LINE-X Franchisees to speak with, although I understand that as a new Franchise System, few, if any, Franchisees are available to speak with.

Prospective Franchisee's Initials: _____

7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, the purchase of a LINE-X Franchise (or any other) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any LINE-X Franchise, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

Prospective Franchisee's Initials: _____

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) **immediately** inform the Franchisor's attorney (toll free 1-888-547-0697) and an officer of the Franchisor and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit, Franchise to Franchise, and may vary significantly.

Prospective Franchisee's Initials: _____

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____

PROSPECTIVE FRANCHISEE (Individual)

Signature

Printed Name

Signature

Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) - Must be accompanied by appropriate personal guarantee(s)

Legal Name of Entity

a _____
(Jurisdiction of Formation) (Corporation, LLC or Partnership)

By: _____
Name

Signature

Title: _____

[Signatures Continued on Following Page]

PRINCIPALS

All of the above is true, correct and complete to the best of my knowledge:

Franchise Marketing Representative

Reviewed by: LINE-X Franchising LLC

CEO

Franchise Agreement Number

**EXHIBIT E TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

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**EXHIBIT F TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

**GENERAL RELEASE
OF ALL CLAIMS**

GENERAL RELEASE

(FRANCHISEE") and _____, an individual ("GUARANTOR") enter into this General Release on _____, with reference to the following facts:

1. On _____, LINE-X Franchising LLC, a California limited liability company ("FRANCHISOR"), and FRANCHISEE entered into a Franchise Agreement (the "Franchise Agreement") to operate a LINE-X Franchised Business located at _____ (the "Premises"). GUARANTOR guaranteed FRANCHISEE's performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the "Guarantee"). In consideration of FRANCHISOR'S processing and approval of _____, the Franchise Agreement provides that FRANCHISEE must sign this General Release as a condition to such _____. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

2. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR hereby release and forever discharge FRANCHISOR, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively "Damages"), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. FRANCHISEE waives any right or benefit which FRANCHISEE or GUARANTOR may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

3. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

4. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year set forth above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

GUARANTOR:

_____, an individual.

**EXHIBIT G TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

**STATE-SPECIFIC ADDENDA
TO
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

ADDITIONAL STATE DISCLOSURES

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provisions in the Uniform Franchise Disclosure Document ("Disclosure Document") and Franchise Agreement will be amended as follows:

CALIFORNIA

ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. The following language is added to the end of Item 3 of the Disclosure Document:

Neither we, nor BUC, nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following language is added to the end of Item 5 of the Disclosure Document:

All initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until the franchisor's pre-opening obligations to the franchisee are complete and the franchisee is open for business.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law but we will enforce it to the extent enforceable.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires application of the laws of the state where the business is located. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

**CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between Line-X Franchising LLC, a California limited liability company, as Franchisor and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The following language is added at the end of Section 8.1 of this Agreement:

All initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until Franchisor's pre-opening obligations to Franchisee are complete and Franchisee is open for business.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

HAWAII:

ADDENDUM TO DISCLOSURE DOCUMENT

These franchises will be/ have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation or endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete, and not misleading.

The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or subfranchisor, at least seven days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with an copy of all proposed agreements relating to the sale of the franchise.

This Disclosure Document contains a summary only of certain material provisions of the franchise agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the franchisor and the franchisee.

The following risk factor is added to the State Cover Page of the Disclosure Document:

LINE-X FRANCHISING LLC HAS A MEMBER'S DEFICIT OF (\$182,143) AS OF JUNE 30, 2014. AS A RESULT, FOR EACH FRANCHISE SOLD IN HAWAII, THE STATE OF HAWAII HAS REQUIRED US TO DEFER THE RECEIPT OF INITIAL FRANCHISE FEES AND OTHER PAYMENTS TO US AND OUR AFFILIATES UNTIL WE HAVE MET ALL OF OUR PRE-OPENING OBLIGATIONS AND YOU HAVE OPENED YOUR FRANCHISE BUSINESS.

The following language is added to the end of Item 5 of the Disclosure Document:

Despite the payment provisions noted in this Item 5, the State of Hawaii has required us to defer the receipt of initial franchise fees and other payments to us and our affiliates until we have met all of our pre-opening obligations and you have opened your franchise business.

HAWAII

ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

Section 8.1, "**INITIAL FRANCHISE FEE**," of the Franchise Agreement is amended as follows:

Despite the payment provisions noted in this Section 8.1, the State of Hawaii has required Franchisor to defer the receipt of initial franchise fees and other payments to Franchisor and its affiliates until Franchisor has met all of its pre-opening obligations and Franchisee has opened its franchise business.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

ILLINOIS

ADDENDUM TO DISCLOSURE DOCUMENT

1. The “**Summary**” section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.
2. The “**Summary**” section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Illinois law applies.

3. The following language is added to **Item 5 INITIAL FEES**, under the subheading, **Initial Franchise Fee Non-Refundable**, as paragraph number 3:

3. The Office of the Attorney General of the State of Illinois has imposed a fee deferral based on our financial condition. All initial franchise fees shall be deferred until franchisor completes all pre-opening obligations to franchisee and franchisee commences doing business. The fee deferral does not apply to purchase of chemicals or equipment.

ILLINOIS

ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement ("**Agreement**") agree as follows:

1. Section 19, paragraph B., "**ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.**" (regarding the "Entire Agreement"), is amended by the addition of the following:

No other representation has induced Franchisee to execute this Agreement and there are no representations (except for those made in the Franchise Disclosure Document that Franchisee received from Franchisor), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise.

2. Section 17.8, "**CHOICE OF LAWS,**" is deleted in its entirety and replaced with the following:

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF ILLINOIS.

3. Section 17.2, "**VENUE,**" is deleted in its entirety.

4. Under the law of Illinois, any condition, stipulation or provision that purports to bind a person acquiring a franchise to waive compliance with the Franchise Disclosure Act of Illinois is void. Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Section 8.1, "**Initial Franchise Fee, Reduced Initial Franchise Fee For Future Awards, Etc.**", (regarding payment of initial franchise fees) is amended by adding the following language as paragraph C:

C. The Office of the Attorney General of the State of Illinois has imposed a fee deferral based on Franchisor's financial condition. All initial franchise fees shall be deferred until Franchisor completes all pre-opening obligations to Franchisee and Franchisee commences doing business. The fee deferral does not apply to purchase of chemicals or equipment.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

MARYLAND

ADDENDUM TO DISCLOSURE DOCUMENT

1. The "Summary" section of Item 17(c) entitled Requirements for you to renew or extend, and the "Summary" section of Item 17(m) entitled Conditions for our approval of transfer, is amended by adding the following:

Any general release you sign shall not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

2. The "Summary" section of Item 17(h) entitled "Cause" defined (defaults which cannot be cured), is amended by adding the following:

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following language is added to the end of the chart in Item 17:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Despite the payment provisions noted in Item 5, all initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations under the Franchise Agreement.

5. The Statement of Prospective Franchisee (Exhibit D) is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MARYLAND

ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (as amended), Md. Code Bus. Reg. Sections 14-201 through 14-233, the parties to the attached Franchise Agreement ("Agreement") agree as follows:

1. Section 3.5, "RELOCATION," Section 13.3.A.(9) "CONDITIONS FOR APPROVAL OF ANY TRANSFER," and Section 14.3, "CONDITIONS TO THE AWARD OF A SUCCESSOR FRANCHISE," shall be supplemented by the following new sentence:

Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Section 15.1.D, "TERMINATION OF THE FRANCHISE," shall be supplemented by the following new paragraph:

Termination upon bankruptcy of the Franchisee might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce it to the extent enforceable.

3. Section 17.2, "VENUE," shall be supplemented by the following new sentence:

However, subject to Franchisee's arbitration obligation, Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 17.5, "PERIODS IN WHICH TO MAKE CLAIMS" shall be supplemented by the following additional language:

All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

5. Section 19. B., "ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.", (regarding acknowledgments) shall be supplemented by the following new paragraph:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Section 8.1 of the Franchise Agreement is amended as follows:

Despite the payment provisions noted in this Section 8.1, all initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations under the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

MICHIGAN

ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise:

- A. A prohibition on the right of a franchisee to join an association of franchisees.
- B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - 1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - 2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be direct to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48933
(517) 373-1160

Note: Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.

MINNESOTA

ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 **Trademarks** is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 **Renewal, Termination, Transfer and Dispute Resolution** is amended by adding the following:

A. **Renewal and Termination**

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

B. **Choice of Forum**

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

C. **Releases**

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

3. Item 5 **Initial Fees** is amended by adding the following:

Despite the payment provisions noted in this Item 5, all initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations under the Franchise Agreement.

MINNESOTA

ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

1. Section 2.1, "**TERM**", shall be supplemented by the following new paragraph:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2. Section 5, "**MARKS**" shall be supplemented by the following new paragraph:

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Section 15, "**TERMINATION OF THE FRANCHISE**," shall be supplemented by the following new paragraph:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

4. Section 13.3 A.(9), "**CONDITIONS FOR APPROVAL OF ANY TRANSFER**," shall be supplemented by the following new sentence:

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

5. Section 17.2, "**VENUE**" (regarding choice of forum), shall be supplemented by the following:

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Section 8.1, "**INITIAL FRANCHISE FEE**" of the Franchise Agreement is amended as follows:

Despite the payment provisions noted in this Section 8.1, all initial fees and payments shall be deferred until such time as the Franchisor completes its initial obligations under the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. All references made herein to a Disclosure Document shall be amended to Offering Prospectus.
2. The following paragraphs are added to the Disclosure Document Cover Page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK, 10271-0332.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

WE REPRESENT THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

3. Item 3 **Litigation** is amended by the addition of the following language:

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against it, him, or her alleging a felony; a violation of franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither we, our predecessors any person identified in Item 2, or an affiliate offering franchises under our principal trademark has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices or comparable allegations.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently

effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. The following paragraph is added to Item 4 **Bankruptcy**:

Except as disclosed above, neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in such company or partnership.

5. The following language is added to the end of Item 5 **Initial Franchise Fee**:

The initial franchise fee shall be used to compensate us for our costs in providing training materials, evaluating the site, and other services we provide to you prior to and as you begin operating your business.

6. Item 7 **Initial Investment** is amended by the addition of the following language:

There are no other direct or indirect payments to us in conjunction with the purchase of the franchise.

7. The "Summary" section of Item 17(s) entitled **Modification of the Franchise Agreement** will be amended by adding the following language:

We have the right to modify or revise lists of specifications, the Confidential Operations Manual, or any part of the System, provided that any revisions or modifications will not unreasonably increase your obligation or place an excessive and unreasonable economic burden on your operations.

8. The "Summary" section of Items 17(c) entitled **Requirements for you to renew or extent** and 17(m) entitled **Conditions for our approval of transfer** will be amended by adding the following language:

All rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

NORTH DAKOTA

ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the "Summary" section of Item 17(c) entitled **Requirements for you to renew or extend** and Item 17(m) entitled **Conditions for our approval of a transfer:**

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The applicable portion of the "Summary" section of Item 17(i) entitled **Your obligations on termination/non-renewal** is amended to read as follows:

if we prevail in any enforcement action you will pay all damages and costs we incur in enforcing the termination provisions of the Franchise Agreement

3. The following is added to the "Summary" section of Item 17(u) entitled **Dispute resolution by arbitration or mediation:**

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following is added to the "Summary" section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires:**

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

5. The following is added to the "Summary" section of Item 17(v) entitled **Choice of forum:**

However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

7. The following is added to the "Summary" section of Item 17(w) entitled **Choice of law:**

Item 17 (w) (governing law) and Section 12 of the Franchise Agreement are amended as follows: "Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

8. The following is added to Item 5 of the Disclosure Document:

"Despite the provisions in this Item 5, payment of the Initial Franchise Fee is postponed until after all of the Franchisor's obligations are complete and Franchisee is open for business, at which time the Initial Franchise Fee shall be immediately due and payable."

NORTH DAKOTA

ADDENDUM TO FRANCHISE AGREEMENT

1. The following is added to Section 3.5, "**RELOCATION**," Section 13.3A. (9) "**CONDITIONS FOR APPROVAL OF ANY TRANSFER**," and Section 14.3, "**CONDITIONS TO THE AWARD OF A SUCCESSOR FRANCHISE**":

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The following is added to Section 17.2, "**VENUE**," (regarding choice of forum):

However, to the extent allowed by the North Dakota Franchise investment Law, Franchisee may commence any cause of action against Franchisor in any court of competent jurisdiction, including the state or federal courts of North Dakota.

3. The following is added to Section 17.1.A. "**MANDATORY BINDING ARBITRATION, WAIVER OF RIGHT TO TRIAL IN COURT, ETC.**" (regarding arbitration):

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which Franchisor and Franchisee mutually agree.

4. Section 19.B., "**ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.**" (regarding acknowledgments,) is amended by the addition of the following language to the original language that appears therein to read as follows:

Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

5. Section 7.2.B. "**POST TERM RESTRICTIONS**" is amended by the addition of the following language to the original language that appears therein:

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

10. Section 17.3 of the Franchise Agreement is amended as follows:

"In North Dakota, provisions of the Franchise Agreement which unreasonably limit remedies under the North Dakota Franchise Investment Law, such as the right to jury trial, may not be enforceable."

11. Section 17.5 of the Franchise Agreement is amended as follows:

"In the State of North Dakota, the statute of limitations under North Dakota Law will apply".

12. Section 17.4 of the Franchise Agreement is amended as follows:

"Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

13. Section 8.1 of the Franchise Agreement is amended as follows:

"Despite the provisions in this Section 8.1, payment of the Initial Franchise Fee is postponed until after all of the Franchisor's obligations are complete and Franchisee is open for business, at which time the Initial Franchise Fee shall be immediately due and payable"

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

RHODE ISLAND

ADDENDUM TO DISCLOSURE DOCUMENT

The following language is added to Item 17(v) entitled **Choice of forum**:
 , except as otherwise required by the Rhode Island Franchise Investment Act

RHODE ISLAND

ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the attached Franchise Agreement agree as follows:

Section 17.2., "**VENUE**" (regarding choice of forum,) is amended by adding the following:

§19-24.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

SOUTH DAKOTA

ADDENDUM TO DISCLOSURE DOCUMENT

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

The following language is added to the end of Item 5 of the Disclosure Document:

"All initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until the franchisor's pre-opening obligations to the franchisee are complete and the franchisee is open for business."

SOUTH DAKOTA

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between Line-X Franchising LLC, a California limited liability company, as Franchisor and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The following language is added at the end of Section 8.1 of the Franchise Agreement:

All initial fees and costs, including fees or costs related to any services rendered, any equipment and/or inventory delivered or any other costs related to the franchise, are deferred until Franchisor's pre-opening obligations to Franchisee are complete and Franchisee is open for business.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

VIRGINIA

ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Healthy Inspirations, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statement is added to Item 5:

Notwithstanding anything to the contrary contained in this Item 5, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

The following statements are added to Item 17.h:

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

The following statement is added to Section 8 of the Franchise Agreement:

"Notwithstanding the foregoing, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

WASHINGTON

ADDENDUM TO DISCLOSURE DOCUMENT

The following paragraph is added at the end of Item 17:

If any of the provisions in this Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "**Act**"), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement.

The following paragraph is added at the end of Item 5:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The following paragraph is added at the end of Item 17:

If any of the provisions in this Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "**Act**"), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement.

WASHINGTON

ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Franchise Agreement agree as follows:

The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (the "**Act**"), which might supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. There might also be court decisions which supersede the Agreement in Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be, but only if required by the Act (to the extent such requirement is not preempted by the Federal Arbitration Act), either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

To the extent required by the Act, a release or waiver of rights executed by Franchisee shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

To the extent required by the Act, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

LINE-X Franchising LLC:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

**EXHIBIT H TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

LIST OF FRANCHISEES AND THEIR OUTLETS

LIST OF FRANCHISEES AND THEIR OUTLETS AT END OF FISCAL YEAR 2016

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X Custom Trucks Unlimited	1817 Opelika Rd	Auburn	AL	36830	(334) 704-0909
LINE-X of Trussville	3229 Veterans Circle	Birmingham	AL	35235	(205) 655-1060
LINE-X Decatur Customs	2302 Beltline Road SW	Decatur	AL	35601	(256) 355-4251
LINE-X of the Wiregrass	2074 Ross Clark CR	Dothan	AL	36301	(334) 792-7777
W-J Body Shop dba LINE-X of Gadsden	2439 E Meighan Blvd	Gadsden	AL	35903	(256) 492-5925
LINE-X of Mobile	4700 Rangeline Rd	Mobile	AL	36619	(251) 666-8606
LINE-X Custom Trucks Unlimited Montgomery	233 Gunn Rd.	Montgomery	AL	36117	(334) 272-0842
LINE-X of the Shoals	2625 Woodward Ave	Muscle Shoals	AL	35661	800-832-2233
LINE-X of Pelham	2633 Pelham Parkway	Pelham	AL	35124	(205) 620-9070
LINE-X of Scottsboro	184 Micah Way	Scottsboro	AL	35769	(256) 609-7172
LINE-X of Tuscaloosa	3640 Greensboro Ave	Tuscaloosa	AL	35401	(205) 248-8880
LINE-X of Little Rock	2312 Bishop Road	Bryant	AR	72022	(501) 230-4826
LINE-X of South Arkansas	1082 Hwy 133 N	Crossett	AR	71635	(870) 364-2417
LINE-X of NWA	3244 N. College Ave.	Fayetteville	AR	72703	(479) 856-6633
LINE-X of Searcy	672 Highway 13	McRae	AR	72102	(501) 726-0172
LINE-X of Avondale	921 N. Dysart Road	Avondale	AZ	85323	(623) 932-3500
LINE-X of Gilbert	560 E. Germann Rd, Suite #4	Gilbert	AZ	85297	(623) 516-8711
LINE-X Custom Shop	5101 W Maryland Ave	Glendale	AZ	85301	(623) 842-8748
Arizona LINE-X	21242 N. Black Canyon Hwy, Ste. A	Phoenix	AZ	85027	(623) 516-8711
LINE-X of Tucson	275 E. Ft. Lowell Road, Ste 1	Tucson	AZ	85705	(520) 292-0828
LINE-X of Yuma	345 W 32nd St	Yuma	AZ	85364	(928) 726-9199
LINE-X of Bakersfield	6561 White Lane Ave	Bakersfield	CA	93309	(661) 832-1333
Clovis LINE-X	707 Jefferson Avenue	Clovis	CA	93612	(559) 323-5578
LINE-X of Corona	2175 Sampson Avenue Suite 116	Corona	CA	92879	(951) 738-8320
LINE-X of El Cajon	1611 North Magnolia Avenue	El Cajon	CA	92020	(619) 448-2400
South Bay LINE-X	721 E. El Segundo Blvd	El Segundo	CA	90245	(310) 322-9191
LINE-X of Escondido	2368 Auto Park Way	Escondido	CA	92029	(760) 735-9800
South County LINE-X	8864 Muraoka Drive	Gilroy	CA	95020	(408) 842-8803
LINE-X of Bay Area	25655 Dollar Street #1	Hayward	CA	94544	(925) 272-7666
LINE-X of Antelope Valley	42600 10th Street West	Lancaster	CA	93534	(661) 212-8292
LINE-X of Pasadena	1815 S. Myrtle Avenue	Monrovia	CA	91016	(626) 303-8647
LINE-X of San Diego	2704 Transportation Avenue Suite A&B	National City	CA	91950	(619) 477-1796
LINE-X of Conejo Valley	3833 Old Conejo Road	Newbury Park	CA	91320	(805) 376-9200

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
Valley LINE-X aka LINE-X of North Hollywood	7900 Clybourn Ave Suite A	Sun Valley	CA	91352	(818) 503-4700
LINE-X of the Desert	19020 N. Indian Canyon Drive #1-A	North Palm Springs	CA	92258	(760) 329-4665
LINE-X of Orange County	1104 W. Collins Ave	Orange	CA	92868	(714) 632-5656
LINE-X of Oxnard	530 Spectrum Circle	Oxnard	CA	93030	(805) 981-0748
LINE-X Kustoms and Accessories	2961 E. LeLand Drive	Pittsburg	CA	94565	(925) 427-5100
LINE-X of Placerville	161 Fair Lane	Placerville	CA	95667	(530) 295-1813
LINE-X Protective Coatings and Truck Accessories of Rancho Cordova	11355 Folsom Blvd. Suite E	Rancho Cordova	CA	95742	(530) 391-9781
Empire LINE-X	9261 Bally Court	Rancho Cucamonga	CA	91730	(909) 980-8922
Nelsons Automotive dba LINE-X of Ridgecrest	325 W Inyokern Road	Ridgecrest	CA	93555	(760) 446-3568
LINE-X of San Jose	256 Hillsdale Avenue	San Jose	CA	95136	(408) 265-8446
LINE-X of South Coast	2126 S. Lyon	Santa Ana	CA	92705	(714) 647-9322
LINE-X of Santa Barbara	59 Depot Road	Santa Barbara	CA	93117	(805) 964-0640
LINE-X of Silicon Valley	2351 DeLa Cruz Blvd.	Santa Clara	CA	95050	(408) 988-2622
LINE-X of Santa Clarita	26845 Oak Avenue Unit 4	Santa Clarita	CA	91351	(661) 252-5469
LINE-X of Santa Fe Springs	12510 S. Slauson Dr. Unit F	Santa Fe Spring	CA	90670	(562) 696-9272
LINE-X of Santa Maria	1915 North Broadway Unit C	Santa Maria	CA	93454	(805) 347-7387
LINE-X Inc	950 Piner Road suite C	Santa Rosa	CA	95403	(707) 566-8510
LINE-X of Simi Valley	2296 Agate Court	Simi Valley	CA	93065	(805) 915-2595
LINE-X of South LA	5901 Firestone Blvd	South Gate	CA	90280	(562) 776-8000
LINE-X of Torrance	22547 Normandie	Torrance	CA	90501	(310) 320-3332
Tri Valley LINE-X	222 W. Larch Road, Ste D	Tracy	CA	95304	(209) 839-8232
LINE-X of Turlock	1441 Freitas Park	Turlock	CA	95380	(209) 667-2975
LINE-X of Ukiah	301-A Kunzler Ranch Rd	Ukiah	CA	95482	(707) 463-2227
Visalia LINE-X	2211 E. Main Street	Visalia	CA	93292	(559) 713-0500
LINE-X of Woodland	2000 E. Main St Suite A	Woodland	CA	95776	(530) 668-6550
LINE-X of Yuba Sutter	1100 Garden Hwy, Suite 300	Yuba City	CA	95991	(530) 671-7976
Northern Colorado LINE-X and Truck Gear	5186 Longs Peak Road, Unit J	Berthoud	CO	80513	(970) 460-9198
LINE-X of Boulder	2516 49th Street, Unit 3	Boulder	CO	80301	(303) 915-7371
LINE-X of Grand Junction	549 Bogart Lane	Grand Junction	CO	81505	(970) 243-0777
LINE-X of South Metro	6559 S. Broadway	Littleton	CO	80121	(303) 471-2447
Rifle Truck and Trailers	1725 Airport Road	Rifle	CO	81650	(970) 625-8884
LINE-X of Colorado Springs	1260 Motor City Dr.	Colorado Springs	CO	80905	(719) 635-8626

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of Montrose	320 Denny Court	Montrose	CO	81401	(970) 249-7777
LINE-X of Denver	300 West 53rd Place, Unit L	Denver	CO	80216	(303) 308-0888
LINE-X of Southern Connecticut	256 Old Gate Lane	Milford	CT	06460	(203) 878-2733
LINE-X of Western Connecticut	469 Litchfield Rd.	New Milford	CT	06776	(860) 355-6997
LINE-X of Connecticut LLC	175 Freight St. Rear Building	Waterbury	CT	06702	(203) 754-1444
LINE-X of Delaware	1053 Barl Court (Tudor Industrial Park)	Dover	DE	19901	(302) 672-7005
First State LINE-X	2221 Ogletown Rd. Ste. A	Newark	DE	19711	(302) 738-4870
LINE-X of Sarasota	5115 15th street east	Bradenton	FL	34203	(941) 527-1387
LINE-X of Tampa Bay	23486 Us-19 N	Clearwater	FL	33765	(727) 446-7777
Florida LINE-X	219 Racetrack Rd. NE	Fort Walton Beach	FL	32547	(850) 244-9400
LINE-X of Southwest Florida	6150 Metro Plantation Rd	Ft. Myers	FL	33966	(239) 208-9870
LINE-X of the Nature Coast	12826 Highway 19	Hudson	FL	34667	(727) 863-4300
Safari Truck and SUV Accessories	4301-1 Blanding Blvd	Jacksonville	FL	32210	(904) 908-5337
LINE-X of Central Miami	8600 NW South River Drive, Unit 3	Medley	FL	33166	(786) 332-3725
LINE-X of Brevard	105 SW Irwin Ave	Melbourne	FL	32904	(321) 733-5240
LINE-X of Volusia County	405 United Dr	New Smyrna Beach	FL	32168	(386) 416-0001
Gilbert LINE-X	315 S Parrott Ave	Okeechobee	FL	34973	(863) 763-6434
LINE-X by TruckFX	3143 S Orange Ave	Orlando	FL	32806	(407) 855-9889
LINE-X of Pensacola	7607 Flowers St.	Pensacola	FL	32506	(850) 455-8822
LINE-X of Lauderdale (Larko Inc)	2033 W McNab Rd, Suite 2	Pompano Beach	FL	33069	(954) 969-7795
Palm Beach LINE-X	8330 Currency Drive Unit #7	Riviera Beach	FL	33404	(561) 848-1070
LINE-X of St. Lucie and Martin County	3289 SE Gran Park Way	Stuart	FL	34997	(772) 781-8110
LINE-X of Brandon	105 S Us Highway 301, Ste 113	Tampa	FL	33619	(813) 627-9603
LINE-X of Greater Orlando	1255 Belle Ave, Suite #175	Winter Springs	FL	32708	(407) 388-1041
LINE-X Pro Coatings Inc. (L-X of Athens)	590 Old Commerce Rd.	Athens	GA	30607	(706) 543-4696
LINE-X Accessory Center	3399 Chamblee Tucker Rd.	Atlanta	GA	30341	(770) 318-4899
LINE-X of Bainbridge	909 Dothan Rd	Bainbridge	GA	39817	(229) 246-2111
LINE-X Custom Trucks Unlimited Columbus	8238 North Crossing Court	Columbus	GA	31808	(706) 323-0250

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of Dallas	835 Charles Hardy Pkwy Ste. A	Dallas	GA	30157	(770) 443-0107
LINE-X Country	1822 Chattanooga Rd.	Dalton	GA	30720	(706) 279-4028
LINE-X of Lanier	2312 Browns Bridge Rd.	Gainesville	GA	30504	(770) 535-2611
LINE-X of Lawrenceville	461-A Pike Blvd.	Lawrenceville	GA	30046	(770) 995-4639
LINE-X of Macon	2129 Riverside Dr. Suite A	Macon	GA	31204	(478) 741-4146
Alpharetta LINE-X	11220 Alpharetta Hwy.	Roswell	GA	30076	(678) 297-1101
LINE-X of Savannah	7927 Abercorn St.	Savannah	GA	31406	(912) 920-7455
LINE-X Southeast Customs	606 South Zetterower Avenue Suite 100	Statesboro	GA	30458	(912) 225-6062
LINE-X of South Georgia	4548 Valnorth Dr.	Valdosta	GA	31602	(229) 244-0020
LINE-X of Hilo	154 HOLOMUA ST STE 203	Hilo	HI	96720	(808) 961-2002
LINE-X of Centerville	1312 S 18th St	Centerville	IA	52544	(641) 856-6328
LINE-X of the Quad Cities	4020 Brady St.	Davenport	IA	52806	(563) 349-3938
LINE-X of Des Moines	1315 East Broadway	Des Moines	IA	50313	(515) 265-4467
LINE-X of Dubuque	1055 Century Circle	Dubuque	IA	52002	(563) 588-1858
LINE-X of Iowa City	4165 Alyssa Court Unit 2	Iowa City	IA	52240	(319) 339-0707
LINE-X of Cedar Rapids Inc	1465 Blairs Ferry Road	Marion	IA	52302	(319) 294-0900
LINE-X of Mason City	823 S. Federal Ave	Mason City	IA	50401	(641) 424-2220
T&T LINE-X LLC	205 Lincoln Highway	Nevada	IA	50201	(515) 382-1445
LINE-X of Ottumwa	15514 Blackhawk Road	Ottumwa	IA	52501	(641) 683-9334
LINE-X of Boise	108 West 37th St	Boise	ID	83714	(208) 343-0808
LINE-X of Coeur d'Alene	7000 N Government Way	Dalton Gardens	ID	83815	(208) 762-4547
LINE-X of Idaho Falls	479 N State Street	Shelley	ID	83274	(208) 520-9318
Magic Valley LINE-X	193 Eastland Drive	Twin Falls	ID	83301	(208) 736-9333
LINE-X of Peoria Heights	5619 N. Galena Rd.	Peoria Heights	IL	61616	(309) 633-1380
LINE-X of Southwest Illinois	18 North 3rd St	Belleville	IL	62220	(618) 222-1800
Stateline LINE-X	1981 Belford North Dr.	Belvidere	IL	61008	(815) 544-5064
LINE-X of NE IL Pace Setters	1911 North State Route 50	Bourbonnais	IL	60914	(815) 933-9545
LINE-X of Freeport	3198 W. Lily Creek Road	Freeport	IL	61032	(815) 275-9669
LINE-X Linings	1317 S. Union St.	Montgomery	IL	60538	(630) 851-5463
LINE-X Bedliners of Northern Illinois	645 S Vermont St.	Palatine	IL	60067	(847) 202-3884
Great Lakes LINE-X	2510 Rt. 176 Unit K	Prairie Grove	IL	60012	(815) 455-0123
LINE-X of Quincy	536 North 54th Street	QUINCY	IL	62305	(217) 222-0829
LINE-X of Roselle	55 W Irving Park Road	Roselle	IL	60172	(630) 980-8020
LINE-X of Joliet	18126 North West Frontage Rd	Shorewood	IL	60404	(815) 609-0707
LINE-X of Greater Illinois	1210 E. State St Suite 3	Sycamore	IL	60178	(815) 991-2222

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
Tri State LINE-X and Accessories	1845 W. Maumee St.	Angola	IN	46703	(260) 665-5959
Southern Indiana Linings and Coatings Inc	113 Industrial Way	Charlestown	IN	47111	(812) 206-7250
LINE-X of Crawfordsville	920 Lane Avenue	Crawfordsville	IN	47933	(765) 361-9999
LINE-X of Evansville	1804 Stringtown Rd.	Evansville	IN	47711	(812) 491-9475
LINE-X of Fort Wayne	714 Avenue of Autos	Fort Wayne	IN	46804	(877) 218-8974
Millennium LINE-X South	494 US 31 North Suite G	Greenwood	IN	46142	(317) 807-2000
Millennium LINE-X	905 N. Raceway Rd.	Indianapolis	IN	46234	(317) 209-8000
LINE-X of Indy	8448 Moller Road	Indianapolis	IN	46268	(317) 585-0123
LINE-X of Southern Indiana	555 12th Ave	Jasper	IN	47542	(812) 634-1294
LINE-X by Xtreme Vehicle Designs	15240 Herriman Boulevard	Noblesville	IN	46060	(317) 773-1460
LINE-X of Schererville	2041 US 41	Schererville	IN	46375	(219) 865-1000
LINE-X of Lawrence	943 E. 23rd Street	Lawrence	KS	66046	(785) 842-8000
LINE-X by Luxury & Imports	5239 S. 4th Street	Leavenworth	KS	66048	(913) 250-0007
LINE-X of Manhattan	1728 Hayes Drive	Manhattan	KS	66502	(785) 537-7855
LINE-X of Olathe	521 South Fir Street	Olathe	KS	66061	(913) 768-1166
LINE-X of Topeka	3108 SW Topeka Blvd	Topeka	KS	66611	(785) 228-3777
LINE-X Protective Coatings And Truck Acc	167 South Washington Street	Wichita	KS	67202	(316) 858-1197
LINE-X of Ashland	2600 Greenup Avenue	Ashland	KY	41101	(606) 324-5463
Professional Coatings (LINE-X of Bowling Green)	3351 Louisville Rd.	Bowling Green	KY	42101	(270) 393-7201
LINE-X of the Bluegrass	6501 Shepherdsville Rd, Suite 109	Louisville	KY	40228	(502) 961-0404
LINE-X of Morehead	25 Lake Park Dr.	Morehead	KY	40351	(606) 783-1841
LINE-X of Kentucky-Lexington	119 Howard St.	Nicholasville	KY	40356	(859) 881-8181
LINE-X of Richmond (KY)	238 North Keeneland Dr.	Richmond	KY	40475	(859) 624-2002
LINE-X of Somerset	47 Larry Ln.	Somerset	KY	42501	(606) 679-1717
LINE-X of Northshore	70161 Hwy 59 Suite C	Abita Springs	LA	70420	(504) 463-3090
LINE-X of Baton Rouge	17077 Florida Blvd	Baton Rouge	LA	70819	(225) 753-6000
LINE-X of Metairie	2644 Lexington Street	Kenner	LA	70062	(504) 463-3090
LINE-X of Acadiana	826 Cajundome Blvd	Lafayette	LA	70506	(337) 234-3644
LINE-X of New Roads	310 New Roads St.	New Roads	LA	70760	(225) 638-8383
LINE-X of Fall River	1591 Bay Street	Fall River	MA	02724	(508) 675-5422
LINE-X of Cape Cod	LINE-X 379 Lyannough Rd Unit 8	Hyannis	MA	02601	(508) 776-0716
LINE-X of Central Massachusetts	393 SOUTH ST	Marlborough	MA	01752	(508) 485-2008
North Shore LINE-X	5 Wheeling Avenue	Woburn	MA	01801	(781) 938-1965
LINE-X of Maryland	1920 West Street	Annapolis	MD	21401	(410) 224-5744
Catonsville LINE-X	5617 Baltimore National Pike	Catonsville	MD	21228	(410) 455-0800

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
Frederick LINE-X	5112 Pegasus Court Ste. Y	Frederick	MD	21704	(301) 360-9900
LINE-X by Global Truck Outfitters	114 West Main Street	Frostburg	MD	21532	(301) 687-1724
Bay LINE-X (Bamco LLC)	201 Holsum Way Suite F	Glen Burnie	MD	21060	(410) 487-6405
LINE-X of Hagerstown	11909 Wheatfield Drive	HAGERSTOWN	MD	21740	(240) 313-9110
LINE-X of Laurel	9375 Davis Avenue, Building E	Laurel	MD	20723	(301) 317-4737
Americas Capital LINE-X	9375 Davis Ave	Laurel	MD	20723	(301) 324-3936
LINE-X Plus	3695 Hallowing Point Road Suite 1	Prince Frederick	MD	20678	(410) 414-2085
LINE-X of Delmarva	200 Alexander Ave	Salisbury	MD	21801	(410) 677-5463
LINE-X Protex	4521 PRINTERS CT	WHITE PLAINS	MD	20695	(301) 645-6555
LINE-X of Bangor	34 Perry Rd	Bangor	ME	04401	(207) 990-3757
LINE-X of Augusta (ME)	509 MAINE AVENUE	Farmingdale	ME	04344	(207) 582-0282
LINE-X of Portland	4 Thomas Drive Unit 4	Westbrook	ME	04092	(207) 878-2141
TRI-CITY LINE-X	3737 Wilder Rd.	Bay City	MI	48706	(989) 671-9820
LINE-X of Brighton	9810 E. Grand River Ave.	Brighton	MI	48116	(810) 220-8482
LINE-X of Gaylord	1510 Dickerson Rd	Gaylord	MI	49735	(989) 732-1941
LINE-X of Grand Blanc	1435 East Hill Rd	Grand Blanc	MI	48439	(810) 695-9000
LINE-X of Grand Rapids	2290 28th Street SW Ste-B	Grand Rapids	MI	49519	(616) 871-2699
LINE-X of Western Michigan	3608 47th St	Hamilton	MI	49419	(269) 751-6131
LINE-X of Lansing	5504 South Cedar St.	Lansing	MI	48911	(517) 394-1222
LINE-X of Monroe	15505 S. Telegraph Rd.	Monroe	MI	48161	(734) 243-5457
LINE-X of Mt. Pleasant	3711 S. Isabella Rd	Mt. Pleasant	MI	48858	(989) 773-9780
Monroe Truck & Auto Accessories	2915 East Apple	Muskegon	MI	49442	(231) 773-0005
LINE-X of Sault Saint Marie	2601 Ashmun St.	Sault Sainte Marie	MI	49783	(906) 253-1639
LINE-X of Battle Creek	2150 W Dickman Rd	Springfield	MI	49037	(269) 963-5020
LINE-X of America	37562 Van Dyke Ave.	Sterling Heights	MI	48312	(586) 795-5599
Northern Michigan LINE-X	1780 Barlow St.	Traverse City	MI	49686	(231) 947-2600
LINE-X Of West Branch	155 North 4th St.	West Branch	MI	48661	(989) 345-7800
LINE-X Pros	1160 Red Fox Road	Arden Hills	MN	55112	(651) 251-6834
LINE-X by The Body Works	14742 Dellwood Drive	Baxter	MN	56425	(800) 991-9039
LINE-X of Detroit Lakes	915 8th Street SE	Detroit Lakes	MN	56501	(218) 844-4321
LINE-X Coatings	20725 Howland Avenue	Lakeville	MN	55044	(952) 469-6009
LINE-X by Mankato Industrial Coatings	58103 200th St	Mankato	MN	56001	(507) 625-4593
Bedliners By LINE-X of Central MN	539 - 27th Avenue	North St. Cloud	MN	56303	(320) 529-8555

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of Rochester	1933 North Broadway	Rochester	MN	55906	(507) 281-5900
LINE-X of Jefferson County	2012 Sierra Parkway	Arnold	MO	63010	(636) 464-2300
LINE-X of Mid Missouri	1510B I-70 Complex Ct.	Columbia	MO	65201	(573) 777-9989
LINE-X of Northeast Missouri	51001 State Hwy 15	Edina	MO	63537	(660) 397-2551
Truck Works South LINE-X	93 SE Oldham Parkway	Lee's Summit	MO	64081	(816) 525-7455
Truck Works North LINE-X	2340 Vernon Street	North Kansas City	MO	64116	(816) 842-4222
Impact Coatings by LINE-X	1424 East St. Louis St.	Springfield	MO	65802	(417) 719-4200
LINE-X of Missouri, Inc.	1545 Cornerstone Drive	St. Charles	MO	63304	(636) 498-4477
LINE-X of St Joseph	3119 1/2 North Belt Highway	St. Joseph	MO	64506	(816) 232-4048
LINE-X of St Louis	8740 Watson Road	St. Louis	MO	63119	(314) 729-1300
LINE-X of Jackson	5006 Highway 80 East	Pearl	MS	39208	(601) 664-0030
LINE-X of Tupelo	851 Mitchell Ext.	Tupelo	MS	38801	(662) 269-3897
LINE-X of Mississippi / Lynn Welding	7355 Hwy 61 S.	Vicksburg	MS	39180	(601) 529-3720
Yazoo Auto Glass & LINE-X	1229 E Broadway Bldg C	Yazoo City	MS	39194	(662) 571-8169
LINE-X of Bozeman	28 Village Center Lane	Bozeman	MT	59718	(406) 586-0488
LINE-X of Kalispell	1035 W Center Street	Kalispell	MT	59901	(406) 253-5399
LINE-X of Missoula	2502 Murphy Street Unit A	Missoula	MT	59808	(406) 541-2119
LINE-X Asheville / Waynesville	865 Beaverdam Rd.	Canton	NC	28716	(828) 648-1201
LINE-X by Tarheel 4 WD Center	5745 N. Tryon St.	Charlotte	NC	28213	(704) 598-1000
LINE-X of the Cape Fear in Fayetteville	331 Eastern Blvd	Fayetteville	NC	28301	(910) 423-4400
LINE-X South Charlotte	185 Corporate Blvd	Indian Trail	NC	28079	(704) 821-6828
VA / NC LINE-X	473 Caratoke Hwy Rte 168	Moyock	NC	27958	(252) 232-8779
LINE-X of the Triangle	3209 Wellington Court, Suite 104	Raleigh	NC	27615	(919) 785-3337
Crystal Coast LINE-X	105 Seth Thomas Ln.	Swansboro	NC	28584	(910) 326-1226
LINE-X of Wilmington	6731-3 Amsterdam Way	Wilmington	NC	28405	(910) 798-8999
LINE-X of Wilson	1425 Thorne Ave	Wilson	NC	27893	(252) 246-9440
LINE-X of Winston-Salem	5350 University Pkwy	Winston-Salem	NC	27106	(336) 744-5575
LINE-X of Greenville	199 Forlines Rd.	Winterville	NC	28590	(252) 341-4634
LINE-X of Bismarck / Mandan	3936 Memorial Hwy	Mandan	ND	58554	(701) 667-2199
Fargo LINE-X	1225 East Main Ave. Ste.B	West Fargo	ND	58078	(701) 281-1015
LINE-X of Williston	6416 Wickum Rd NW, Ste 300	Williston	ND	58801	(701) 826-2000
LINE-X of Blair	1020 S Hwy 30	Blair	NE	68008	(402) 426-1818
LINE-X of Chadron	1500 West HWY 20 P.O. Box 751	Chadron	NE	69337	(308) 432-9004

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of Grand Island	2401 East US Highway 30	Grand Island	NE	68801	(402) 416-4045
LINE-X of Omaha	10911 Harrison St.	La Vista	NE	68128	(402) 331-3889
LINE-X of Lincoln	720 Van Dorn Suite D	Lincoln	NE	68502	(402) 466-2080
LINE-X of Belmont - Truck Trends	140 Laconia Road	Belmont	NH	03220	(603) 528-0888
LINE-X of Merrimack Valley	1125 RT 3A	Bow	NH	03304	(603) 224-7792
Upper Valley LINE-X	275 NH RT 118	Canaan	NH	3741	(603) 523-4442
LINE-X of Southern New Hampshire	156 Lowell Rd, Bldg 2 Unit 2	Hudson	NH	03051	(603) 821-7272
LINE-X of Keene-Ultimate Accessories	38 Foundry Street	Keene	NH	03431	(603) 352-0396
Tri City LINE-X	128 Wadleigh Falls Road	Lee	NH	03861	(603) 742-9800
LINE-X North	1419 Mt. Eustis Rd.	Littleton	NH	03561	(603) 444-0363
New Jersey LINE-X	1472 RTE 22 EAST	Bridgewater	NJ	08807	(732) 560-8500
LINE-X of Monmouth County	2 Industrial Drive, Suite G	Keyport	NJ	07735	(732) 722-2955
LINE-X of Albuquerque	2019 Menaul Blvd. NE	Albuquerque	NM	87107	(505) 764-1971
Gallup Welding - LINE-X	903 W. Wilson Avenue	Gallup	NM	87301	(505) 863-4882
LINE-X Coatings of Clark County	7585 Commercial Way, Unit A	Henderson	NV	89011	(702) 434-9274
LINE-X of Reno	254 E. Glendale Avenue	Sparks	NV	89431	(775) 355-0710
LINE-X by Arrowhead South	2090 Central Ave	Albany	NY	12304	(518) 456-2281
LINE-X of Central New York	3577 RTE 31	Baldwinsville	NY	13027	(315) 472-4249
LINE-X of the Bronx	912 Sacket Ave	Bronx	NY	10462	(347) 810-0489
LINE-X of Western New York	50 Burkhardt Ave	Depew	NY	14043	(716) 686-9133
LINE-X of Jamestown	3067 Fluvanna Ave Extension	Jamestown	NY	14701	(716) 720-5120
LINE-X by Arrowhead	106 Luzerne Road	Queensbury	NY	12804	(518) 793-2265
LINE-X of Rochester	1387 Brighton Henrietta Town Line Rd	Rochester	NY	14623	(585) 319-4185
LINE-X of Long Island	639 Sunrise Hwy	West Babylon	NY	11704	(631) 422-0301
LINE-X of Canton	1638 Perry Dr. SW	Canton	OH	44706	(330) 477-7400
LINE-X of Southern Ohio	671 Cincinnati-Batavia Pike	Cincinnati	OH	45245	(513) 752-7500
LINE-X of Cincinnati / Southern OH	671 Old State Route 74	Cincinnati	OH	45254	(513) 752-7500
LINE-X of Central Ohio	6540A Huntley Rd.	Columbus	OH	43229	(614) 430-3733
LINE-X of Central Ohio 2	3925 Business Park Dr.	Columbus	OH	43204	(614) 430-3733
LINE-X of Dayton	400 Conover Dr	Franklin	OH	45005	(937) 514-7795
LINE-X of Lancaster	541 Mill Park Dr. Suite A	Lancaster	OH	43130	(740) 689-9991
LINE-X of Marietta(Steve's Van and Accessories)	211 South 8th St	Marietta	OH	45750	(740) 374-3154
LINE-X of Toledo	203 West Sophia St.	Maumee	OH	43537	(419) 891-0566

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
Line-X of Akron/Medina	387 Medina Road, Suite 1000	Medina	OH	44256	(330) 474-0614
LINE-X of Newark	1410 East Main St.	Newark	OH	43055	(740) 345-4639
LINE-X of Lake County	1717 Mentor Ave	Painesville	OH	44077	(440) 352-7094
Miller LINE-X	14571 2nd Street	Rocky Ridge	OH	43458	(419) 333-9411
LINE-X of Salem	29657 Tower Rd.	Salem	OH	44460	(330) 222-1100
LINE-X of Streetsboro	9040 State Route 14	Streetsboro	OH	44241	(330) 422-0370
LINE-X of Troy	1364 South County Rd 25A	Troy	OH	45373	(937) 335-0560
LINE-X Coating of Chickasha	631 East Choctaw Avenue	Chickasha	OK	73018	(405) 224-8900
LINE-X on Broadway	3900 South Broadway Suite 2W	Edmond	OK	73013	(405) 844-7230
OKC LINE-X	5809 Southwest 5th Street	Oklahoma City	OK	73128	(405) 609-1700
LINE-X of Shawnee	529 North Harrison Street	Shawnee	OK	74801	(405) 214-5463
LINE-X of Stillwater	5703 East 6th Street	Stillwater	OK	74074	(405) 743-0911
LINE-X of Tulsa	4418 South Mingo Road	Tulsa	OK	74146	(918) 665-4639
LINE-X of Western Oklahoma	2200 I40 Frontage Road	Weatherford	OK	73096	(580) 774-5000
LINE-X of Southern Oregon	4840 Airway Drive	Central Point	OR	97502	(541) 734-2600
LINE-X of Clackamas	10325 SE HWY 212	Clackamas	OR	97015	(503) 655-0987
LINE-X of Lane County	745 River Ave Unit E	Eugene	OR	97404	(541) 463-7938
LINE-X of Klamath Falls	4343 Hwy 39	Klamath Falls	OR	97603	(541) 884-2361
LINE-X of Gresham	4250 NE 148th Ave.	Portland	OR	97230	(503) 261-7367
Starbucks Mid Valley LINE-X	1635 Silverton Rd NE	Salem	OR	97301	(503) 540-0096
Truck Accessories LINE-X (Tualatin, OR)	10005 SW Tualatin Sherwood Rd	Tualatin	OR	97062	(503) 855-3519
LINE-X by Auto Truck Outfitters	104 Wilmington West Chester Pike	Chadds Ford	PA	19601	(610) 459-4343
LINE-X of Crawford County	13266 State Hwy 198	Conneautville	PA	16406	(814) 587-0035
LINE-X Erie	3063 W 26th Street	Erie	PA	16506	(814) 835-0549
Delaware Valley LINE-X	21 North York Rd	Hatboro	PA	19040	(215) 441-5727
LINE-X by Dinsmore Welding and Fabricating	31 Innovative Drive	Kersey	PA	15846	(814) 885-6407
LINE-X of Cumberland County	5253 East Simpson Ferry Rd.	Mechanicsburg	PA	17055	(717) 458-8404
LINE-X of Pine Grove	151 Molleystown Road	Pine Grove	PA	17963	(570) 345-6161
LINE-X of Lehigh Valley	1116 N. WEST END BLVD.	Quakertown	PA	18951	(215) 536-1235
LINE-X of Wilkes-Barre	1019 North Washington Street	Wilkes-Barre	PA	18705	(570) 829-2087
LINE-X of Reading	1140 Hobart Ave	Wyomissing	PA	19610	(610) 375-1300
LINE-X of Wysox	1895 Golden Mile Road	Wysox	PA	18854	(570) 265-5533
LINE-X of South Central PA	820 Vogelsong Rd Suite 2	York	PA	17404	(717) 430-2866

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of Anderson	701 Pearman Dairy Road	Anderson	SC	29625	(864) 723-1254
LINE-X of Greenville SC	1000 Woodruff Rd Unit A	Greenville	SC	29607	(864) 438-4700
LINE-X of the Carolinas Inc	1660 Calhoun Rd	Greenwood	SC	29649	(864) 227-3800
LINE-X of Columbia	4319 Augusta Rd. Suite F	Lexington	SC	29073	(803) 201-5133
Inlet LINE-X	12436 Hwy 707	Murrells Inlet	SC	29576	(843) 947-0474
Tri-County LINE-X	7410 Cross County Rd.	N. Charleston	SC	29418	(843) 760-9551
LINE-X of Aiken-Augusta	5950 Jefferson Davis Hwy	North Augusta	SC	29841	(803) 278-1600
SC LINE-X	3839 Celanese Rd.	Rock Hill	SC	29732	(803) 327-8838
Black Hills LINE-X Bedliners	1611 Deadwood Ave #1	Rapid City	SD	57702	(605) 343-5323
LINE-X of Sioux Falls	609 S Lyons Ave	Sioux Falls	SD	57106	(605) 370-3577
LINE-X of Clarksville	115 Jack Miller Blvd.	Clarksville	TN	37042	(931) 431-6688
LINE-X of Cleveland	1107 SOUTH LEE HWY	Cleveland	TN	37311	(423) 559-2668
LINE-X of Franklin	3975 Carothers Parkway	Franklin	TN	37067	(615) 599-1115
LINE-X of Knoxville	8418 KINGSTON PIKE	KNOXVILLE	TN	37919	(865) 693-3776
LINE-X of Knoxville-West	8418 KINGSTON PIKE	Knoxville	TN	37919	(865) 693-3776
LINE-X of Nashville	813 East Old Hickory Blvd.	Madison	TN	37115	(615) 865-1002
MidSouth LINE-X	5900 Summer Avenue	Memphis	TN	38134	(901) 383-9470
Lakeway LINE-X	2478 Brights Pike	Morristown	TN	37814	(423) 317-0222
LINE-X of Murfreesboro	2240 B Northwest Broad Street	Murfreesboro	TN	37129	(615) 427-4700
LINE-X By RRP Truck Equipment	350 Racing Ln.	Sparta	TN	38583	(931) 761-3554
LINE-X Truckgear of Tullahoma	611 South Anderson St.	Tullahoma	TN	37388	(931) 461-7482
LINE-X of Amarillo	4709 Maverick St	Amarillo	TX	79109	(937) 367-6880
LINE-X of Arlington	179 S. Watson Road Suite #409	Arlington	TX	76010	(817) 633-9533
Texas Truck and Trailer	1508 Fortview Rd	Austin	TX	78704	(512) 444-8677
LINE-X of West Fort Worth	8155-A Hwy 80 West	Benbrook	TX	76116	(817) 244-6500
Auto Trim Design	31125 HWY I - 10 W	BOERNE	TX	78005	(830) 755-4555
LINE-X of Brownsville	1717 Boca Chica Blvd	Brownsville	TX	78521	(956) 592-2894
LINE-X of Johnson County	1736 N. Main Street	Cleburne	TX	76033	(817) 558-4466
LINE-X of Corpus Christi	6506 Robertson Drive	Corpus Christi	TX	78415	(361) 225-4639
Arc-Rite Welding and Truck Accessories (LINE-X of Del Rio)	5555 HWY W 90	DEL RIO	TX	78840	(830) 774-6058
Metroplex LINE-X	3939 S. I-35 East	Denton	TX	76210	(940) 243-6264
LINE-X of El Paso	5855 Montana Ave	El Paso	TX	79924	(915) 539-4137
LINE-X of South Texas Truck Gear	2696 Bus Loop 181 N	Floresville	TX	78114	(830) 216-7261
LINE-X of Harker Heights	108 West FM 2410 Rd	Harker Heights	TX	76548	(254) 690-1763
LINE-X of Harlingen	2928 S. Expressway 83	Harlingen	TX	78550	(956) 412-6887
LINE-X of Laredo	1601 Jacaman Road	Laredo	TX	78041	(956) 285-4000

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of McKinney/Frisco	1513 S. Tennessee St. Suite 136	McKinney	TX	75069	(469) 269-6536
LINE-X of New Braunfels	228 Trade Center Drive	New Braunfels	TX	78130	(830) 214-0580
West Texas LINE-X Auto Trim Design	2317 Field St. Suite N	Odessa	TX	79761	(432) 580-0662
LINE-X Of McAllen	5401 Cage Blvd. Suite B	Pharr	TX	78577	(956) 686-4778
LINE-X Trucks-N-Stuff	4050 Premier Dr Ste 400	Plano	TX	75023	(972) 516-9580
LINE-X Customs and Accessories	403 S. Highway 342	Red Oak	TX	75154	(972) 617-3161
Central Texas LINE-X	2501 Kippen Rd Suite G	Round Rock,	TX	78665	(512) 246-9510
LINE-X of San Angelo	5444 N FM 2288	San Angelo	TX	76901	(325) 651-8101
LINE-X of San Antonio	5504 Bandera Road, Suite 101	San Antonio	TX	78238	(210) 522-1122
LINE-X of San Antonio 2	301 W. Nakoma	San Antonio	TX	78216	(210) 366-4422
LINE-X of Texoma	4511 Texoma Parkway	Sherman	TX	75090	(903) 870-2040
LINE-X of Houston	130 MAGIC OAKS DR. SUITE B	Spring	TX	77388	(580) 221-3613
East Texas LINE-X	1315 W. Industrial Dr.	Sulphur Springs	TX	75482	(903) 885-5327
LINE-X of Tyler	11190 State Hwy 64 East	Tyler	TX	75707	(903) 747-8161
LINE-X of Midvale - Jordan Camper	7000 South State St.	Midvale	UT	84047	(801) 255-1512
LINE-X of Southern Utah	4012 S. Silver Rd Suite 3C	St George	UT	84790	(435) 627-6888
LINE-X of Chesapeake	1720 South Park Court, Suite D	Chesapeake	VA	23320	(757) 938-9188
LINE-X of Central Virginia	1077 Sunburst Rd.	Evington	VA	24550	(434) 525-8878
LINE-X of Fredericksburg	712 B Warrenton Road	Fredericksburg	VA	22406	(540) 361-1949
LINE-X of Manassas	12085 Cadet CT	Manassas	VA	20109	(703) 393-0001
Old Dominion LINE-X	10535 Hull Street Rd.	Midlothian	VA	23112	(804) 778-7400
LINE-X of Richmond	6405 Dickens PL. STE F	Richmond	VA	23230	(804) 321-9166
LINE-X Custom Coatings of Virginia	8298 Seminole Trail	Ruckersville	VA	22968	(434) 990-0052
LINE-X of the Blue Ridge	504 ROANOKE STREET	SALEM	VA	24153	(540) 389-8595
LINE-X of Northern VA Inc (EPM)	100 Glenn Drive Suite A-7	Sterling	VA	20164	(703) 433-9333
LINE-X of Suffolk	2432 Pruden Blvd	Suffolk	VA	23434	(757) 539-7710
LINE-X of Virginia Beach	2858 Crusader Cir Suite 101	Virginia Beach	VA	23453	(757) 771-9211
LINE-X of Winchester	211-1 Sulky Drive	Winchester	VA	22602	(540) 868-0856
LINE-X of Woodbridge	847 HIGHAMS COURT	WOODBIDGE	VA	22191	(703) 499-9442
Virginia LINE-X Inc	7205-D ROUTE 17	YORKTOWN	VA	23692	(757) 877-2328
LINE-X Plus	3508 "C" Street NE	Auburn	WA	98002	(253) 735-1220
LINE-X @ 410	28120 St Rt 410 C-1	Buckley	WA	98321	(360) 829-5372
Tuckers Tuffer Coatings dba	200 Lila Lane	Burlington	WA	98233	(360) 707-2168

FRANCHISEE	STREET	CITY	STATE	ZIP	PHONE
LINE-X of Skagit/Snohomish Co					
Tuckers Tuffer Coatings 2 dba LINE-X of Whatcom Co	200 Lila Lane	Burlington	WA	98233	(360)707-2168
Twin Cities LINE-X	2635 NE Kresky Ave	Chehalis	WA	98532	(360) 740-4660
LINE-X Northwest	5306 Pacific Hwy E Suite E	Fife	WA	98424	(253) 922-5969
LINE-X of the Tri-Cities	6510 W Okanogan Ave	Kennewick	WA	99336	(509) 374-4826
LINE-X of Kirkland	13205 NE 124th Street Suite D	Kirkland	WA	98034	(425) 820-5809
LINE-X of Longview	960 Industrial Way	Longview	WA	98632	(360) 423-2877
Emerald City LINE-X/Truck Builders	17709 Hwy 99	Lynnwood	WA	98037	(425) 742-9566
LINE-X of Moses Lake	500 EAST 3RD AVE	Moses Lake	WA	98837	(509) 765-2505
LINE-X of Silverdale	9623 Provost Rd #101	Silverdale	WA	98383	(360) 692-8504
LINE-X of Spokane	7318 N Division Street	Spokane	WA	99208	(509) 326-3364
LINE-X of Olympia	5403 Capitol Blvd SW	Tumwater	WA	98501	(360) 709-0363
LINE-X of Wenatchee	601 S Wenatchee Ave	Wenatchee	WA	98801	(509) 664-5123
LINE-X of Milwaukee	4025 N 124th St	Brookfield	WI	53005	(262) 781-2345
LINE-X Extreme Coating of Clintonville	N2885 Pioneer Road	Clintonville	WI	54929	(715) 823-8917
LINE-X of Northeast Wisconsin	1490 Gruber Rd	Green Bay	WI	54313	(920) 490-8666
LINE-X of Hudson	601 6th st	Hudson	WI	54016	(715) 386-1000
LINE-X of Kenosha	4811 Green Bay Road	Kenosha	WI	53144	(262) 605-0444
LINE-X of Madison	4016 Terminal Dr Suite D	McFarland	WI	53558	(608) 838-0879
LINE-X of Central Wisconsin	1680 County Road XX	Rothschild	WI	54474	(715) 355-0509
LINE-X of Southwestern Wisconsin	1500 W Hwy 16, Ste A	West Salem	WI	54669	(608) 786-4403
LINE-X of North Central WV	119 Middletown Road	Fairmont	WV	26554	(304) 366-5463
LINE-X of West Virginia	4200 First Avenue Ste 115	Nitro	WV	25143	(304) 755-0036
Ellingford Brothers dba Ellingford LINE-X	221 County Rd	Evanston	WY	82930	(307) 789-8280

FRANCHISE AGREEMENT SIGNED BY OUTLET NOT OPENED

FRANCHISEE	STREET	CITY	STATE	ZIP
LINE-X of Alaska	7640 Tarsus Drive	Anchorage	AK	99502
LINE-X of Soldotna	39313 Sterling Hwy	Soldotna	AK	99669
LINE-X of Cullman	101 Arnold Street NE	Cullman	AL	35055
LINE-X of Eufaula	928 Pine Ave	Eufaula	AL	36027
LINE-X of Temecula	No Physical Location Yet	Temecula	CA	
LINE-X of Durango	29465 US 160	Durango	CO	81301
LINE-X of Hartford	192 Ledyard St	Hartford	CT	06114
LINE-X of Ocala	No Physical Location Yet	Ocala	FL	
LINE-X of Rome	No Physical Location Yet	Rome	GA	
LINE-X of Maui	300 Ohukai Ed, Unit B114	Kihei	HI	96753
LINE-X of Decatur	192 Ledyard St	Decatur	IN	46733
LINE-X of Monroe	5410 Operations Road	Monroe	LA	71203
LINE-X of Taylor	25678 Northline Rd	Taylor	MI	48180
LINE-X of Greater Cleveland	No Physical Location Yet		OH	
LINE-X of Bend	No Physical Location Yet	Bend	OR	
LINE-X of Stroudsburg	No Physical Location Yet	Stroudsburg	PA	
LINE-X of Williamsport	No Physical Location Yet	Williamsport	PA	
Low Country LINE-X & Accessories	No Physical Location Yet	Beaufort	SC	
LINE-X of South Memphis	No Physical Location Yet		TN	
LINE-X of Austin	12925 Luna Montana Way S	Austin	TX	78732
LINE-X Custom Trucks Unlimited Grapevine	1201 Minters Chapel Road, Suite 304	Grapevine	TX	76051
LINE-X Custom Trucks Unlimited N Richland Hills	No Physical Location Yet	North Richland Hills	TX	
Fox Valley LINE-X	No Physical Location Yet		WI	

**EXHIBIT I TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS
UNDER THE FRANCHISE AGREEMENT
AS OF JUNE 30, 2016**

FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT

Following is the name and contact information of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

FRANCHISEE	CONTACT	CITY, ST	ZIP	PHONE
LINE-X of Mohave County	Buford Wiley	Bullhead City, AZ	86442	(928) 704-9850
LINE-X of Roseville	Matt Vanderyacht Troy Costa	Roseville, CA	95678	(916) 780-5463
LINE-X of Simi Valley	Ramsey Calnan	Simi Valley, CA	93063	(805) 915-2595
LINE-X of New Orleans	Bruce McKay Thomas Greci	Harvey, LA	70058	(504) 784-2834
Agri-Sport Coatings	Steve Bullard	New Iberia, LA	70560	(337) 365-0219
LINE-X of Dallas	William Gallagher	Dallas, TX	75207	(800) 757-1485
LINE-X of Shenandoah	Milton Chen	Harrisonburg, VA	22801	(540) 432-0844
LINE-X of Snohomish Co	Mitchell & Valerie Tucker	Burlington, WA	98233	(360) 707-2168
LINE-X of Wyoming	Aaron Jordan	Gillette, WY	82718	(307) 682-0764

FRANCHISEES WHO TRANSFERRED A STORE DURING FISCAL YEAR 2016

FRANCHISEE	CITY	STATE	ZIP	PHONE
Ed Henderson	Bakersfield	CA	93309	(559) 323-5578
Wanda Beard	Statesboro	GA	30458	(912) 225-6062
Rick & Brenda Satterwhite	Nicholasville	KY	40356	(859) 881-8181
William R. Peters	Richmond	KY	40475	(859) 624-2002
Adam Shramek	Hyannis	MA	02601	(508) 776-0716
Sam & Rita Jolley	St Joseph	MO	64506	(816) 232-4048
Nicholas Wilson	Grand Island	NE	68801	(308) 381-2755
James Graber	Anderson	SC	29625	(864) 723-1254
Jayne Meadows	Greenville	SC	29607	(864) 438-4700
Eugene Minso	Evington	VA	24550	(434) 525-8878
Eugene Minso	Virginia Beach	VA	23462	(757) 938-9188
Tim Zeller	Moses Lake	WA	98837	(509) 765-2505
Mitchell L. Morford	Spokane	WA	99208	(308) 381-2755
Loren Lowry	Fairmont	WV	26554	(304) 366-5463

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT J TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

EQUIPMENT PACKAGE LIST

EQUIPMENT PACKAGE LIST

SPRAY SYSTEM PACKAGES

BASE	HIGH	ITEM DESCRIPTION
0	1	EXP2 Elite Reactor2 Package (not included in standard pkg.)
		A. Proportioner
		B. 50 Ft Heated Main Hose
		C. 10 FT Heated Whip Hose
		D. Fusion Spray Gun
1		EXP2 Reactor2 Package
		A. Proportioner
		B. 50 Ft Heated Main Hose
		C. 10 FT Heated Whip Hose
		D. Fusion Spray Gun
0	1	HP E10-With Fusion Gun (not included in standard pkg.)
		A. Sprayer, E-10HP 110 volt
		B. 35 Ft Hose Bundle
		C. Fusion Spray Gun with AW2222
0	1	Agitator
0	1	Manifold
0	1	1/2" male elbow
0	1	1/2" ball valve
1	1	3-10Ft Air Hose
1	1	4 Ft Air Hose
0	1	2-Quick Connect, Air Coupler
0	1	Quick Connect, Air Fitting
0	1	Recirculation Kit
		G246477 2-Kit, Return Tube
		H45010 2-Hose, Fluid
		G162449 2-Nipple, Reducing
0	1	2-Union, Swivel; 3/4 NPT
0	1	Barb, 1/2 x 1/2 MT
0	1	1/2 Clamp, Two Ear
0	1	Air Coupler, Male, 1/4 FNPT

BASE	HIGH	ITEM DESCRIPTION
0	1	Air Coupler, Female, 1/4 MNPT
1	1	KIT, T1 with plumbing
1	1	Plastic Tube, 6ML Price Per Foot
0	1	6/4 Electrical Calbe for EXP2

SPARE PARTS

BASE	HIGH	ITEM DESCRIPTION
1	1	"A side" Displacement Pump Rebuild Kit
1	1	"B side" Displacement Pump Rebuild Kit
1	1	FUSION O-Ring Repair Kit
1	1	Side Seal O-Ring (6Pk)
1	1	Check Valve O-Ring (6pk)
1	1	Check Valve Manifold O-Ring (6pk)
1	1	01 Mix Chamber
1	1	Side Cartridge O-Ring (6pk)
1	1	Gun Cleaning Kit
1	1	Air Cap O-Ring (6pk)
1	1	Check Valve Filter Screen, 40 Mesh (10pk)

SUPPLIED ITEMS

BASE	HIGH	ITEM DESCRIPTION
1	1	Jiffy Mixer
0	1	XPM PRIMER KIT
0	1	FCP PRIMER KIT
1	1	3 Bung Hole Lid
0	1	Spray Test Panel
1	1	Positector 6000 Dual metal gauge
1	1	N-Methylpyrrolidone (NMP)
1	1	Pro-Line Wire Trim Std Case/10
1	1	50ML Cartridge Gun
1	1	Spot Repair Kit 50ml Dual Black

BASE	HIGH	ITEM DESCRIPTION
1	1	Static Mixer 50ml Pk/10
1	1	Brake Clean Green Case/12
1	1	5 Gallon Approved Bucket with Lid
1	1	1" Masking Tape CS/36
1	1	2" Masking Tape CS/24
1	1	14' Plastic Sheeting
1	1	12" Green Masking Paper
1	1	18" Green Masking Paper
1	1	LINE-X Renew Cleaner CS/6
1	1	Degreaser
1	1	LINE-X Renew Empty Pressure Spray Bottle
0	1	Premium "A" ISO 1 Gallon
0	1	Premium "B" Black Resin 1 Gallon
1	1	Accuspray Gun
1	1	PPS Large Cup & Collar
1	1	PPS Large Lids & Liner (25)
1	1	Atomizing Head Refill Kits (4-1.8mm)
1	1	Paper Dispenser (Masking Paper)
1	1	Sandcloth, 80 Grit/Box50
1	1	Pre-Fold Plastic Sheeting
1	1	M3000 Hand Masker w/Blade
1	1	SIA Soft Sanding Pad/Box20
1	1	DA Sander
1	1	Die Grinder
1	1	Air Sander (2500 RPM) for cup brush
1	1	Cup brush – Red 6" (9 or more \$14.90/each)

FRESH AIR BREATHING SYSTEM AND PPE

Base	High	ITEM DESCRIPTION
1	1	Fresh Air System
1	1	Tear Away (Pack of 2)
1	1	Spray Socks, PK/12
1	1	Disposable Spray Suites, XL, Case/25
1	1	Disposable Nitrile Gloves Case/10

COLOR CHANGE KIT - OPTIONAL PACKAGE

BASE	HIGH	ITEM DESCRIPTION
0	1	2:1 Stubby Pump CS
0	1	Cover & Agitator Assy
0	1	Flange Bung
0	1	Coupling Swivel
0	1	5 Gallon UN Approved Bucket with Lid
0	1	217-382 Hose
0	1	3/4 Ball Valve x 3/4 FT
0	1	Valve Qneedle
0	1	3/8 x 1/4 Pipe Thread Reducer
0	1	3/8 x 1/4 Reducing Nipple
0	1	Tee, 3/4 FNPT x 2 Female, 1 Male
0	1	Air Coupler, Male, 1/8 MNPT
0	1	Air Coupler, Male, 1/4 MNPT
0	1	Nipple, 3/4

LINE-X PIGMENTS - OPTIONAL PACKAGE

BASE	HIGH	ITEM DESCRIPTION
0	1	AZ Beige Polyol Dispersion 1 Gal Can
0	1	Black Polyol Dispersion 5 Gal Pail
0	1	Blue Polyol Dispersion 1 Gal Can
0	1	Brown Polyol Dispersion 1 Gal Can
0	1	Green Polyol Dispersion 1 Gal Can

BASE	HIGH	ITEM DESCRIPTION
0	1	Red Polyol Dispersion 1 Gal Can
0	1	Tan Polyol Dispersion 1 Gal Can
0	1	Toreador Red Polyol Dispersion 1 Gal Can
0	1	White Polyol Dispersion 1 Gal Can
0	1	Yellow Polyol Dispersion 1 Gal Can
0	1	XS-100 Resin "B" Black - 5 Gal Pail
0	1	XS-350 Series Resin "B" - 5 Gal Pail

LINE-X XTRA - OPTIONAL PACKAGE

BASE	HIGH	ITEM DESCRIPTION
0	1	LINE-X XTRA Natural Base 1 Gal
0	1	LINE-X XTRA Hardner/Activator 1 Qt.
0	1	LINE-X XTRA Accelerator 1 Qt.
0	1	Tornado Paint Shaker

MARKETING MATERIALS

BASE	HIGH	ITEM DESCRIPTION
1	1	Warranty Bed Tags (Generic Yellow)

**EXHIBIT K TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

INITIAL INVENTORY LIST

INITIAL INVENTORY OF COATING PRODUCTS

LINE-X MATERIAL	
Item Description	
XS-100A-490LB	XS-100 "A" IN 55 GAL DRUM
XS-BK100B-435LB	XS-BK100 RESIN "B" BLACK IN 55 GAL DRUM
XS-330A-490LB	XS-330 "A" IN 55 GAL DRUM
XS-350BS-435LB	XS-350 SERIES RESIN "B" IN 55 GAL DRUM
PRM-A1	Premium "A" ISO 1 Gallon
PRM-B1-BK	Premium "B" Black Resin 1 Gallon
P4342M-05	5-Gallon Black POP Pigment

**EXHIBIT L TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

FRANCHISE DATA RELEASE AUTHORIZATION AND CONFIDENTIALITY AGREEMENT

LINE-X / KEYSTONE

FRANCHISE DATA RELEASE AUTHORIZATION AND CONFIDENTIALITY AGREEMENT

By signing this Franchise Data Release Authorization and Confidentiality Agreement (this "Agreement"), you authorize Keystone Automotive Operations, Inc. ("Keystone") to share purchase data with LINE-X LLC ("LINE-X"), which data includes the sharing of part numbers, pricing and quantity. This will enable LINE-X to coordinate group buys based on order history from the Franchise Network to provide you with favorable pricing. Access to purchase data will also allow LINE-X and Keystone to evaluate national network trends which can be provided to all Franchises to optimize store product offerings. Your specific Franchise order history and purchase data will be for internal use only and will not be shared publicly or with other LINE-X Franchisees.

Under this exclusive partnership between LINE-X and Keystone, you, as a LINE-X Franchisee, will receive key benefits, including, but not limited to:

- A broad distribution network. Average shipping time of 2-days or less (including Truck Gear), in many cases, same day/next day shipping available;
- No minimum purchase requirement;
- Monthly fees are waived for the LINE-X Keystone web portal based on your participation as a LINE-X Franchisee;
- LINE-X-only website for online ordering, detailed product tracking and availability;
- Free web access (to all participating Franchises);
- Dedicated 1-800 customer support phone number for LINE-X Franchises only;
- Greater availability of top branded accessories;
- More potential products for the Truck Gear brand;
- Competitive group pricing that leverages buying power of LINE-X Network; and
- Potential to qualify for LINE-X rewards to include accessory purchases.

All information about this program, including pricing, is confidential and is not to be shared with competitors of LINE-X or Keystone. Failure to keep information confidential may result in loss of access to this program, future rewards or other benefits of being a LINE-X Franchisee.

☐ I agree with these terms and conditions. I certify that I am a LINE-X Franchisee or that I have the LINE-X Franchisee's authorization to accept the terms of this notice.

Please complete this form, sign and fax this document to 1-800-507-8763 or scan and email to rs Sexton@linex.com.

Franchise Store Name: _____

Franchise Number: _____

Franchise Owner Name: _____

Franchise Owner Signature: _____

Date: _____

**EXHIBIT M TO
LINE-X FRANCHISING LLC
DISCLOSURE DOCUMENT**

RECEIPTS

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If LINE-X Franchising LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, whichever comes first.

New York, Oklahoma and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement, or other agreement, or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement, or other agreement, or the payment of any consideration, whichever comes first.

If LINE-X Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit A.

The franchisor is LINE-X Franchising LLC currently located at 1862 Sparkman Drive, Huntsville, AL 35816. On December 15, 2016, LINE-X Franchising LLC will move to 301 James Road, Huntsville, AL 35824.

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Samantha C. Styger, 2635 NE Kresky Avenue, Chehalis, WA 98532, (714) 640-9960; Spike Magnuson, 2635 NE Kresky Avenue, Chehalis, WA 98532 (360) 269-3327; Bob Kenna, Patrick Logan, Henry Chedraoui, Dennis Haynes, Richard Kent Henderson, Chris Ward, Michael Tidd, William Scott Harmon, Laura Younger, Kevin Mullen, Matthew Walther, Tim Tyrka, Lori Rigsby, Ian Dial, Rhonda Gaskill, Bob Graham, Ciara Sanders, Angela White, Cory Ellis, Brian Stewart, and George Lezon, all at 1862 Sparkman Drive, Huntsville, Alabama 35816 until December 15, 2016, then 301 James Road, Huntsville, Alabama 35824, (800) 831-3232.

Issuance Date: September 19, 2016.

LINE-X Franchising LLC authorizes the agents listed in Exhibit A to receive service of process for it. I have received a Franchise Disclosure Document dated September 19, 2016. This Disclosure Document included the following Exhibits:

- A. List of State Agents for Service of Process and State Administrators
- B. Franchise Agreement and Exhibits
- C. Financial Statements
- D. Statement of Prospective Franchisee
- E. Table of Contents of The Operations Manual
- F. General Release of All Claims
- G. State-Specific Addenda
- H. List of Franchisees And Their Outlets
- I. List of Franchisees Who Ceased to do Business under The Franchise Agreement
- J. Equipment Package List
- K. Initial Inventory List
- L. Franchise Data Release Authorization and Confidentiality Agreement

(Signature)

(Print Name)

Date

Keep this copy for your records. This Disclosure Document is also available in pdf format on our website: www.linex.com

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If LINE-X Franchising LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, whichever comes first.

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Issuance Date: September 19, 2016.

LINE-X Franchising LLC authorizes the agents listed in Exhibit A to receive service of process for it. I have received a Franchise Disclosure Document dated September 19, 2016. This Disclosure Document included the following Exhibits:

- A. List of State Agents for Service of Process and State Administrators
- B. Franchise Agreement and Exhibits
- C. Financial Statements
- D. Statement of Prospective Franchisee
- E. Table of Contents of The Operations Manual
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- H. List of Franchisees And Their Outlets
- I. List of Franchisees Who Ceased to do Business under The Franchise Agreement
- J. Equipment Package List
- K. Initial Inventory List
- L. Franchise Data Release Authorization and Confidentiality Agreement

(Signature)

(Print Name)

Date

Please sign this copy of the receipt, date your signature, and return it to: 1862 Sparkman Drive, Huntsville, AL 35816. After December 15, 2016, return to 301 James Road, Huntsville, AL 35824.