

## FRANCHISE DISCLOSURE DOCUMENT

### LINE-X LLC

(a Delaware limited liability company)

4001 Yancey Road, Suite C-200

Charlotte, North Carolina 28217

(800) 831-3232

[www.linex.com](http://www.linex.com)

[www.linexfranchise.com](http://www.linexfranchise.com)



We offer for sale a franchise to operate a business specializing in vehicle upfit services. Vehicle upfit services are aftermarket vehicle accessories, enhancements, or improvements to existing vehicles, which includes the provision of a set of core services and products as specified in LINE-X's Confidential Operations Manual and includes the sale and application of LINE-X® brand spray-on coatings as well as the sale and installation of vehicle accessories, enhancements, and improvements, such as the LINE-X BRANDED PRODUCTS.

The total investment necessary to begin operation of a LINE-X Franchised Business ranges from \$270,999-\$1,013,194. This amount includes \$99,767.18 to \$428,207.39, 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 this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any 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 Sean Ferguson, Franchise Sales, LINE-X LLC, at 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217, at (980) 600-8010, and at [sferguson@linex.com](mailto:sferguson@linex.com)

The terms of your contract will govern your franchise relationship. Do not rely on this 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](http://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.

Issuance Date: December 19, 2023

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only LINE-X business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a LINE-X franchisee?</b>	Item 20 or Exhibits H and I list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in North Carolina. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in North Carolina than in your own state.
2. **Inventory Control.** You must make inventory and supply purchases at a specific level each month, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

## **TABLE OF CONTENTS**

<b><u>ITEM</u></b>		<b><u>PAGE</u></b>
1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	6
3.	LITIGATION	7
4.	BANKRUPTCY	10
5.	INITIAL FEES	10
6.	OTHER FEES	13
7.	ESTIMATED INITIAL INVESTMENT	21
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	25
9.	FRANCHISEE'S OBLIGATIONS	28
10.	FINANCING	29
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	29
12.	TERRITORY	38
13.	TRADEMARKS	41
14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	43
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	44
16.	RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL	44
17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	45
18.	PUBLIC FIGURES	53
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	53
20.	OUTLETS AND FRANCHISEE INFORMATION	53
21.	FINANCIAL STATEMENTS	63
22.	CONTRACTS	63
23.	RECEIPTS	63

## **EXHIBITS**

- A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- B. FRANCHISE AGREEMENT DOCUMENTS:
  - B-1 FRANCHISE AGREEMENT AND EXHIBITS
  - B-2 LEGACY FRANCHISEE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT
  - B-3 MULTI-UNIT OPERATOR ADDENDUM TO FRANCHISE AGREEMENT
  - B-4 CO-BRANDING ADDENDUM TO FRANCHISE AGREEMENT
  - B-5 FORBEARANCE AGREEMENT
  - B-6 LEASE ADDENDUM TO FRANCHISE AGREEMENT
- C. FINANCIAL STATEMENTS
- D. STATEMENT OF PROSPECTIVE FRANCHISEE
- E. TABLE OF CONTENTS OF THE OPERATIONS MANUAL
- F. SAMPLE 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. FRANCHISE DATA RELEASE AUTHORIZATION AND CONFIDENTIALITY AGREEMENT
- K. STATE EFFECTIVE DATES
- L. RECEIPTS

## **ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

### **The Franchisor's Name and Business Form**

The franchisor is LINE-X LLC. To simplify the language in this Franchise Disclosure Document "we," "us," "our," "Franchisor" or "LINE-X" means the Franchisor, LINE-X LLC, a Delaware 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 Delaware on June 7, 2012. We became the franchisor of the LINE-X franchise brand effective August 31, 2021. Our current principal business address is 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217. Our agents for service of process are listed in Exhibit A. We do business under the name LINE-X LLC or, in some cases, simply as "LINE-X".

### **Parents and Predecessors**

Our most recent predecessor, LINE-X Franchising LLC, a California limited liability company, was formed on December 17, 2008, and was a wholly owned subsidiary of ours ("Our Recent Predecessor"). It shared our previous principal business address at 301 James Record Road, Suite 250, Huntsville, Alabama 35824. Our Recent Predecessor was the franchisor of the LINE-X franchise brand from January 7, 2009, until August 31, 2021, when we merged our wholly owned subsidiary with us in a parent-subsidary upstream merger. We are the surviving company in the merger and the new franchisor of the LINE-X franchise brand. This is our initial franchise offering. Neither we nor Our Recent Predecessor have ever offered franchises in any other line of business. We do not currently own or operate a LINE-X business similar to the franchise offered in this Disclosure Document.

Our former predecessor, LINE-X Franchise Development Corporation ("LFDC") was incorporated in California on March 3, 1999. It began offering franchises for LINE-X businesses in April 1999. It never offered franchises in any other line of business. 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. 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 (which is us) on the same date. In the merger, we acquired all of the LINE-X® intellectual property assets.

We are 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. IXS Holdings, Inc. was a wholly owned subsidiary of Olympus Growth Fund VI, L.P., a Delaware limited partnership, formed on January 11, 2013, until March 5, 2020, when IXS Holdings, Inc. was acquired by Ignition Intermediate, Inc., a Delaware corporation formed on January 15, 2020 and a wholly owned subsidiary of Ignition Holdings, L.P., a Delaware limited partnership formed on February 28, 2020. Ignition Holdings, L.P. is a wholly owned subsidiary of Ignition Investment Holdings, L.P., a Delaware limited partnership formed on January 15, 2020. Ignition Investment Holdings, L.P. is owned by certain funds affiliated with Clearlake Capital Group, L.P., a Delaware limited partnership formed on February 21, 2007.

Our parent, IXS Intermediate Holdings LLC, and our indirect parent entities, Ignition Intermediate, Inc., Innovative XCessories & Services LLC, and IXS Holdings, Inc. share a principal address located at 44648 Mound Road, PMB 199, Sterling Heights, Michigan 48314. The principal address of our ultimate parents, Ignition Holdings, L.P. is 44648 Mound Road, PMB 199, Sterling Heights, Michigan 48314 and Clearlake Capital Group L.P., is 233 Wilshire Boulevard, Suite 800, Santa Monica, California 90401.

On February 4, 2014, our former 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 formed 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.

Our parent and indirect parents have never offered franchises for sale. We list our agents for service of process in **Exhibit A**.

### **Our Business Activities and the Franchises to be Offered**

We and our predecessors developed and own a system for establishing and operating businesses specializing in vehicle upfit services, including LINE-X's training programs, operational and image standards, Coating Products (as defined below), offering of Accessories (as defined below), and LINE-X's goodwill (the "**System**"). Vehicle upfit services are aftermarket vehicle accessories, enhancements, or improvements to existing vehicles (the "**Vehicle Upfit Services**"), including the provision of a set of core services and products specified in LINE-X's Confidential Operations Manual (the "**Core Services**") such as the sale and application of LINE-X® brand spray-on coatings (the "**Coating Products**") and the sale and installation of LINE-X BRANDED PRODUCTS and other vehicle accessories, products, and services (the "**Accessories**") and the provision of optional services and products specified LINE-X's Confidential Operations Manual that you may elect to offer but are not required to do so (the "**Choice Services**").

The distinguishing characteristics of the System include, among other things, the goodwill associated with LINE-X, the LINE-X System, LINE-X BRANDED PRODUCTS, and LINE-X's trademarks, service marks, trade dress, commercial symbols and signs, logos, emblems, slogans, and other indicia of origin associated with LINE-X (collectively, the "**Marks**"); use and display of the LINE-X Marks; the procedures and techniques for marketing and selling Vehicle Upfit Services, including marketing and applying Coating Products and the marketing and sale of Accessories, including LINE-X BRANDED PRODUCTS; LINE-X's uniform operating methods, procedures and techniques, including methods and techniques for store operations, inventory, installation, cost controls, record keeping and reporting, purchasing, sales promotion, marketing and advertising, all of which may be changed, improved, and further developed by us from time to time and set forth in LINE-X's Confidential Operations Manual (the "**Manual**"); and LINE-X's franchisee training program. We call this the "**Franchised Business**."

As an integral part of the Franchised Business, we or an affiliate of ours will sell you select products and other chemicals, which are the core ingredients of the Coating Products. Our training specified and required equipment ("**Designated Equipment**"), and the System are designed around our Core Services menu, which includes our select products, such as the Coating Products and LINE-X BRANDED PRODUCTS (collectively, the "**LINE-X Products**"). You are required to purchase Designated Equipment and LINE-X Products only from suppliers or distributors that we designate. Those approved suppliers and distributors may include us, our parents, subsidiaries, and/or affiliates (the "**Franchisor-Related Parties**") and you acknowledge and agree that we or the Franchisor-Related Parties will receive revenue and profit, as well as other material benefits from the sale of Designated Equipment and LINE-X Products to you. You agree that if you purchase or use other non-approved products in connection with the Franchised Business, you will tarnish the LINE-X Marks, you will irreparably harm the goodwill associated with LINE-X, the LINE-X System, and the Marks, you will cause customer confusion, you will defeat the economic purpose of this Agreement, and you will be in breach of the Franchise Agreement. We may terminate the Franchise



Agreement pursuant to its obligations, terms, and conditions if you purchase anything other than approved products without our prior written permission.

### **Market and Competition**

The Franchised Business targets its services to the general public and to businesses that seek Vehicle Upfit Services, including the application of the Coating Products. These Coating Products are applied to aftermarket customers and typically applied to 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 directly spray truck beds or hire third parties to spray the truck beds before delivery to dealers, the retail market for the sale of Coating Products is diminishing. The Franchised Business will compete with other local businesses, as well as local, regional, or national chains of businesses and/or distributors offering Vehicle Upfit Services and 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, distributors, and independent total service businesses. We believe the market for Vehicle Upfit Services is also developed but is evolving as retail customers seek to add and apply aftermarket accessories, enhancements, and improvements to their vehicles. We and our affiliates may also compete in this market by operating businesses that offer LINE-X brand (or any other brand) products and Vehicle Upfit Services, including businesses that specialize in the automotive and vehicle accessory aftermarket industry, but excluding the operation of a LINE-X Store located in your designated territory.

### **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 then-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.

On September 28, 2009, Our Recent Predecessor entered into a Cancellation Agreement with Northwest Urethane, Inc. ("NWU"), its 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 Our Recent Predecessor. As part of the Cancellation Agreement and related agreements, NWU no longer acts as the subfranchisor 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, Our Recent Predecessor 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 Our Recent Predecessor.

On February 12, 2010, Our Recent Predecessor 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 former 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 former 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 former parent, LINE-X Intermediate Holdings LLC (which is now IXS Intermediate Holdings LLC, our parent), formed a new entity, LX Retail LLC, a Delaware limited liability company. LX Retail LLC previously owned and operated three (3) LINE-X retail stores similar to the Franchised Business offered in this Disclosure Document. It sold all three stores to franchisees — one in Our Recent Predecessor's fiscal year 2020 and two in its fiscal year 2021. LX Retail LLC began operating its first LINE-X retail store in April 2016, in Texas. It no longer owns or operates any LINE-X retail stores. It is no longer in operation and has close, but prior to its closing, its principal business address was 301 James Record Road, Suite 250, Huntsville, Alabama 35824. It does not offer or sell franchises in any line of business. Through a Merger Agreement dated August 31, 2021, our parent merged us with LX Retail LLC and we are the surviving company. LX Retail LLC no longer exists.

On December 20, 2017, our parent, IXS Intermediate Holdings, LLC, acquired Ameraguard Holdings, LLC ("Ameraguard"), a Texas limited liability company and Ultimate Linings, LLC ("Ultimate Linings"), a Delaware limited liability companies. Through this acquisition, a new industrial coatings division called IXS Coatings was created combining the brands LINE-X and Ultimate Linings to service original equipment manufacturers and large-scale industrial applicators. On October 19, 2018, Ameraguard was wholly merged into, and acquired by, Ultimate Linings. Ultimate Linings sells brands of products and equipment, including spray-on coating products and equipment, to distributors and retailers who may compete with the LINE-X Franchised Business, both inside and outside of any Territory as defined in the LINE-X Franchise Agreement and offered under this Disclosure Document.

Ultimate Linings' current principal business address is 1155 Richard Petty Way, Lebanon, Tennessee 37090. Ultimate Linings is a supplier of multiple proprietary product lines of spray-on truck bed liner chemicals and equipment, which it sells primarily to original equipment manufacturers, but does sell some retail coatings used for decks, industrial flooring, and wall systems. It has never and does not offer for 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 and air quality control laws and regulations, and various health, sanitation, safety, and fire standards, including but not limited to, the Occupational Safety and Health Administrations standards, as applicable. You must comply with federal, state, and local health and environmental safety regulations concerning the proper handling and disposal

of the Coating Products and other products used in the Franchised Business. 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 also consider that certain aspects of the Franchised Business' operation will be subject to certain federal, state, and local laws, rules and ordinances in addition to the laws, and regulations applicable to businesses generally, such as the American with Disabilities Act, Federal Wage and Hour Laws and state law equivalents, the Affordable Care Act, data protection (such as credit card protection under the U.S. Fair and Accurate Credit Transaction Act) and data privacy laws and their state law equivalents, including the California Consumer Privacy Act and all similar or derivative laws. Additionally, 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.

You should examine these and other laws before purchasing a franchise.

## **ITEM 2 BUSINESS EXPERIENCE**

### **BOARD OF MANAGERS**

#### **Manager and Chief Executive Officer: James D. Scott**

Mr. Scott has served on our Board of Managers since August 21, 2014. He is our CEO and has held that position since May 2015. On August 3, 2014, he became the CEO of our direct parent IXS Intermediate Holdings, LLC. He has been a Member of the Board of Directors for IXS Intermediate Holdings, LLC since July 2015. Since March 1986, he has held the position of Chief Executive Officer, President, and Director for our affiliate Ground Effects LTD and Ground Effects LLC since May 25, 2012. From August 2014 to August 2021, he served on the Board of Managers and was the CEO for our predecessor LINE-X Franchising LLC. Since December 2017, he has held the position of Chief Executive Officer of our affiliate, Ultimate Linings LLC. All positions listed here for Mr. Scott are located in Windsor, Ontario, Canada.

#### **Manager and Chief Financial Officer: Marcus Hamilton**

Mr. Hamilton has served on our Board of Managers and has been our CFO since September 2020. He also serves as the CFO for our direct parent Innovative IXS Intermediate Holdings, LLC, and has held that position since June 2020. From September 2020 to August 2021, he served on the Board of Managers and was the CFO for our predecessor LINE-X Franchising LLC. Since June 2020, he has held positions of CFO for our affiliates Ground Effects LLC and Ultimate Linings LLC and the position of Secretary for Ground Effects LTD. From January 2018 to March 2020, he was employed at Flexsteel Industries Inc., located in Dubuque, Iowa, and held the positions of Chief Financial Officer, Treasurer and Secretary. From February 2014 to January 2018, he was the Vice President of Finance, Global Paints at Valspar in Chicago, Illinois. Unless otherwise noted, all positions listed here for Mr. Hamilton are located in Detroit, Michigan.

### **OFFICERS AND EXECUTIVES**

#### **President: Blair H. Boggs**

Mr. Boggs has been our President since August 2021. From September 2020 to July 2021, he worked as a consultant and investor from Charlotte, North Carolina. From February 2018 to August 2020, he was the Chief Revenue Officer at Driven Brands, Inc. located in Charlotte, North Carolina. Prior to that, Mr. Boggs was employed at Valvoline Inc. in Lexington, Kentucky from June 2002 to January 2018, where he held a variety of positions, including General Manager of the Valvoline DIY division and multiple senior marketing roles as Vice President and Director.

#### **Executive Vice President of Operations: George S. Lezon**

Mr. Lezon has been our Executive Vice President of Operations since April 2021. Prior to that, he was the Executive Vice President of Operations for our predecessor LINE-X Franchising LLC from February 2012 to August 2021. From April 2007 to January 2012, he was Vice President of Operations for our predecessor LFDC, located in Santa Ana, California and Huntsville, Alabama.

#### **Director of Franchise Sales: Timothy J. Tyrka**

Mr. Tyrka has been our Director of Franchise Sales since August 2017. He was the Franchise Sales Manager from October 2013 to July 2017 for our predecessor LINE-X Franchising LLC.

*[Remainder of Page Intentionally Left Blank]*

### ITEM 3 LITIGATION

#### Pending Actions:

**Baker Squared, LLC, David Baker, and Nathonia Baker v. LINE-X LLC as successor-in-interest to LINE-X Franchising LLC**, Case No. 01-23-0004-1874, American Arbitration Association, filed September 21, 2023. Baker Squared, LLC, David Baker, and Nathonia Baker (collectively, the “Claimants”) filed an arbitration action against LINE-X seeking: declaratory judgment on the enforceability of the non-compete provision in Claimants’ franchise agreement; a permanent injunction prohibiting LINE-X from enforcing of the non-compete provision; and their related attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Claimants’ claims. This matter is currently pending.

**Burkholder Truck Sales, LLC, Wilmer Burkholder, and Merlin Oberholzer v. LINE-X LLC as successor-in-interest to LINE-X Franchising LLC**, Case No. 01-23-0004-1882, American Arbitration Association, filed September 21, 2023. Burkholder Truck Sales, LLC, Wilmer Burkholder, and Merlin Oberholzer (collectively, the “Claimants”) filed an arbitration action against LINE-X seeking: declaratory judgment on the enforceability of the non-compete provisions in Claimants’ franchise agreements; a permanent injunction prohibiting LINE-X from enforcing of the non-compete provisions; and their related attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Claimants’ claims. This matter is currently pending.

**LINE-X of Gresham, LLC and Robert Brown v. LINE-X LLC as successor-in-interest to LINE-X Franchising LLC**, Case No. 01-23-0004-1877, American Arbitration Association, filed September 21, 2023. LINE-X of Gresham, LLC and Robert Brown (together, the “Claimants”) filed an arbitration action against LINE-X seeking: declaratory judgment on the enforceability of the non-compete provision in Claimants’ franchise agreement; a permanent injunction prohibiting LINE-X from enforcing of the non-compete provision; and their related attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Claimants’ claims. This matter is currently pending.

**Darbyshire Coatings, LLC and Benjamin Darbyshire v. LINE-X LLC as successor-in-interest to LINE-X Franchising LLC**, Case No. 01-23-0004-1878, American Arbitration Association, filed September 21, 2023. Darbyshire Coatings, LLC and Benjamin Darbyshire (together, the “Claimants”) filed an arbitration action against LINE-X seeking: declaratory judgment on the enforceability of the non-compete provision in Claimants’ franchise agreement; a permanent injunction prohibiting LINE-X from enforcing of the non-compete provision; and their related attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Claimants’ claims. This matter is currently pending.

**K&B Accessories, LLC, Kenneth Lind, and Bonnie Lind v. LINE-X LLC as successor-in-interest to LINE-X Franchising LLC**, Case No. 01-23-0004-1880, American Arbitration Association, filed September 21, 2023. K&B Accessories, LLC, Kenneth Lind, and Bonnie Lind (collectively, the “Claimants”) filed an arbitration action against LINE-X seeking: declaratory judgment on the enforceability of the non-compete provisions in Claimants’ franchise agreements; a permanent injunction prohibiting LINE-X from enforcing of the non-compete provisions; and their related attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Claimants’ claims. This matter is currently pending.

**Joseph Nixon operating as LINE-X of Woodstock v. LINE-X Canada Ltd**, Case No. CV-22-00000170-0000, Ontario Superior Court of Justice, filed September 14, 2022. A former terminated franchisee, Mr. Nixon, who was terminated by LINE-X for abandonment of his franchise in 2020 filed an action against LINE-X for wrongful termination, misrepresentation of equipment costs, and unfair treatment regarding the premises of the store, spray standards, and provision of assistance. LINE-X denies each of Mr. Nixon’s claims. This matter is currently pending.

### **Franchisor Initiated Litigation:**

**LINE-X LLC as successor-in-interest to LINE-X Franchising LLC v. Trehan Industries LLC and Lance Arrasmith**, Case No. 01-23-0003-7296, American Arbitration Association, filed August 23, 2023. LINE-X filed an arbitration action against former franchisee Lance Arrasmith and his operating company (together, the “Respondents”) seeking damages and injunctive relief for Respondents’ violations of the Lanham Act for trademark infringement; violations of the Lanham Act for unfair competition; breaches of the franchise agreement for violations of the non-compete and non-solicit; breaches of the franchise agreement for violation of the post-termination obligations; breaches of the franchise agreement for past due amounts; violation of purchasing obligations, and abandonment; and breach of the guaranty against Mr. Arrasmith. Respondents filed an answer and affirmative defenses denying LINE-X’s claims. Respondents also asserted counterclaims against LINE-X for: declaratory judgment on the enforceability of their non-compete provision in their franchise agreement; an accounting of the advertising fund; breach of contract and breach of good faith and fair dealing for monetary damages for allegations involving price gouging, interference with third-party supplies, hidden fees, failing to provide or diverting suppliers, territory infringement, failing to provide support, misuse of the national advertising fund, diverting customer and accounts, training competitors, and selling proprietary formulas; and attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Respondents’ counterclaims. On December 11, 2023 LINE-X’s motion for interim award for preliminary injunction was granted. This matter is currently pending.

**LINE-X LLC as successor-in-interest to LINE-X Franchising LLC v. Tri State LINE-X and Accessories, LLC, Scott Melchi, and Tri State Customs and Offroad, LLC**, Case No. 01-22-0001-3246, American Arbitration Association, filed March 23, 2022. LINE-X filed an arbitration action against former franchisee Scott Melchi and his operating companies (collectively, the “Respondents”) seeking damages and injunctive relief for Respondents’ violations of the Lanham Act for trademark infringement, violations of the Lanham Act for unfair competition, breaches of the Franchise Agreement for violation of the non-compete, breaches of the Franchise Agreement for violation of the post-termination obligations, and breach of the guaranty against Mr. Melchi. Respondents filed an answer and affirmative defenses denying LINE-X’s claims. Respondents also asserted counterclaims against LINE-X for declaratory judgment on the enforceability of their non-compete provision in their franchise agreement; an accounting of the advertising fund; breach of contract and breach of good faith and fair dealing for monetary damages for allegations involving price gouging, interference with third-party supplies, hidden fees, failing to provide or diverting supplies, territory infringement, failing to provide support, misuse of the national advertising fund, diverting customer and accounts, training competitors, and selling proprietary formulas; and attorneys’ fees and costs. LINE-X filed an answer and affirmative defenses denying Respondents’ counterclaims. This matter is currently pending.

**LINE-X LLC as successor-in-interest to LINE-X Franchising LLC v. TNT Coatings, LLC, Robert Levenhagen II, and Mary Levenhagen**, Case No. 01-22-6002-6360, American Arbitration Association, filed June 21, 2022. LINE-X filed an arbitration action against former franchisees Robert and Mary Levenhagen and their operating company (collectively, the “Respondents”) seeking damages and injunctive relief for Respondents’ breaches of the Franchise Agreement for violation of the non-compete, and breaches of the Franchise Agreement for violation of the post-termination obligations, and breaches of the Franchise Agreements for violation of the purchasing obligations and failing to operate the store throughout the term. LINE-X sought preliminary injunctive relief through an application for emergency measures. Respondents filed an answer and affirmative defenses denying LINE-X’s claims. This matter is in the Discovery phase.

**LINE-X Canada Ltd. v. 1092063 B.C. Ltd., Shane Schorr, and Sheri Schorr**, Case ID FZ\_2022\_1353, under the Arbitration Rules of the ADR Institute of Canada Inc., filed October 4, 2022. LINE-X filed an arbitration action against former franchisees Shane and Sheri Schorr and their operating company (collectively, the “Respondents”) seeking damages and injunctive relief for Respondents’ breaches of confidence and unauthorized use of LINE-X’s trademarks and confidential information, breaches of the Franchise Agreement for violation of the non-compete, and breaches of the Franchise Agreement for violation of the post-termination obligations. Respondents filed an answer denying LINE-X’s claims.

**Concluded Actions:**

**Norcal Ventures, LLC v. LINE-X LLC as successor-in-interest to LINE-X Franchising LLC,** Case No. 01-21-0002-7159, American Arbitration Association, filed April 14, 2021. A former franchisee, Norcal Ventures, LLC ("Norcal"), filed an arbitration action against LINE-X seeking damages and injunctive relief due to LINE-X's nonrenewal of Norcal's two applicable franchise agreements. The emergency arbitrator issued an interim order on June 17, 2021 enjoining LINE-X from not renewing one of the Norcal franchise agreements. In July 2022, the parties mutually settled the dispute for full and general releases of each party and agreed that Norcal may continue operating the two stores under a revocable limited license for twelve (12) months while a reinstatement of the Norcal franchises are pending. The parties agreed on payment to Norcal in settlement and credit on chemical purchases, and that the Norcal franchises may be reinstated upon Norcal's compliance with LINE-X's current standards for each of the Norcal stores and upon execution of then-current franchise agreements for each location.

**LINE-X LLC as successor-in-interest to LINE-X Franchising LLC v. Jenna Nash, Dennis Nash, and Red Desert Off Road, LLC,** Case No. 01-22-0001-8514, American Arbitration Association, filed May 4, 2022. LINE-X filed an arbitration action against former franchisees Dennis and Jenna Nash and their operating company (collectively, the "Respondents") seeking damages and injunctive relief for Respondents' violations of the Lanham Act for trademark infringement, violations of the Lanham Act for unfair competition, breaches of the Franchise Agreement for violation of the non-compete, breaches of the Franchise Agreement for violation of the post-termination obligations, and in the alternative, unfair competition. The American Arbitration Association entered a final Award of Injunctive Relief and Damages on March 3, 2023 and the parties mutually settled the dispute as of that day.

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

*[Remainder of Page Intentionally Left Blank]*

#### **ITEM 4            BANKRUPTCY**

No bankruptcy information is 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 \$40,000. U.S. Military Veterans may qualify for a special program that offers a 25% discount (up to \$10,000) off the Initial Franchise Fee. (See below for details on the U.S. Military Veterans Program.) The Initial Franchise Fee is due and payable to us in a lump sum upon the signing of the Franchise Agreement and is considered fully earned upon payment.

##### **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 \$10,000.

Except as provided above or indicated in the Multi-Unit Operator Incentive Program below, 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 partially refund the initial franchisee fee, less expenses we incur in providing site selection assistance to you and other expenses we incur, in a refund amount not to exceed \$2,500.

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 a portion of the Initial Franchise Fee, less expenses we incur in providing our training program to you and other expenses we incur, in a refund amount not to exceed \$2,500.

##### **Different Initial Franchise Fees**

We may reduce the Initial Franchise Fee under special initiative programs in our sole discretion, and as mentioned above. In the past year, we have sold franchises for an Initial Franchise Fee ranging from \$15,000 to \$40,000.



## **Equipment Packages**

In addition to the Initial Franchise Fee, you must purchase a “Bedliner Spray Equipment Package”, as described in Items 7 and 8, and the Manual, from us before your Franchised Business opens. The cost of the Bedliner Equipment Package ranges from \$46,968.08 - \$86,658.60. Additionally, the “Equipment Package” listed in Item 7 and the Manual is not included in the Bedliner Spray Equipment Package but is also required, along with the “Shop Tools and Supplies” as listed in Item 7 and the Manual, at a combined cost ranging from \$54,779.37-\$132,725.35. These costs are non-refundable. Please see the Manual for the current listing of the Bedliner Spray Equipment Package, the Equipment Package, the Shop Tools and Supplies (collectively, the “Required Purchases”), and all other information related to requirements listed in the Franchise Agreement and Item 7 herein.

## **Initial Inventory**

You must purchase a minimum initial inventory of the LINE-X Products before your Franchised Business opens. You will purchase this product from us. The cost of your initial inventory of Coating Products will range from \$8,970.77 - \$13,864.99, and your initial inventory of LINE-X BRANDED PRODUCTS will range from \$2,200 - \$7,150, as further described in Items 7 and 8. The cost of the Initial Inventory of LINE-X Products is non-refundable. Please see the Manual for the Initial Inventory List of Coating Products.

## **Incentives and Promotions that may impact Pre-Opening or Other Amounts Due**

In addition to the U.S. Military Veterans program detailed above, we currently offer certain incentive programs that may reduce the amounts of pre-opening fees we describe above.

### **Legacy Franchisee Incentive Program**

If you are an existing franchisee and you are in good standing and full compliance with all current agreement with us or our affiliates, and you sign Legacy Franchisee Incentive Addendum to Franchise Agreement for the continued operation of your current franchised LINE-X location, then we offer, among other details as specifically described in the Legacy Franchisee Incentive Addendum: (i) a waiver of the Core Services requirement and Royalty and Marketing Fund payment requirement, and a partial product credit toward the monthly fee for the POS System requirement for years one (1) and (2) of the Franchise Agreement; and (ii) a Royalty requirement of six percent (6%) on Bedliners and two percent (2%) on Gross Revenues of all remaining Vehicle Upfit Services in years three (3) through (5) of the Franchise Agreement. In order to receive the benefits detailed in this incentive, you must qualify for and sign our required form Legacy Franchisee Incentive Addendum to Franchise Agreement (attached as Exhibit B-2 to this Franchise Disclosure Document).

### **Multi-Unit Operator Incentive Program**

If you are a new or existing franchisee with seven (7) or more franchised LINE-X locations open, or have less than seven (7) LINE-X locations open and purchase additional LINE-X franchise locations, and qualify under the requirements of the program as detailed in the Multi-Unit Operator Addendum to Franchise Agreement, you may be eligible for the following incentives: (1) A fifty percent (50%) reduction in the then-current listed Initial Franchise Fee or Transfer Fee, as applicable, in the Franchise Agreements and any then-current franchise agreement you execute during the period in which you (i) own and operate more than six (6) Stores and (ii) you meet or exceed the qualifications for this program; and (2) Once you are obligated to pay Royalty pursuant to your Franchise Agreements and/or the Legacy Franchisee Incentive Addendum, you shall pay Royalty as follows: (i) If you own more than six (6) but less than fifteen (15) LINE-X Stores, you shall pay a Royalty equal to five percent (5%) of the Stores' Gross Revenue LINE-X a royalty

equal to five percent (5%) of your Stores' Gross Revenues on the sale and installation of spray-on bedliners, spray-on product on items other than bedliners (except overalls/full body sprays), and premium/topcoat spraying ("Bedliner Services") and one and two-third percent (1.67%) of your Store's Gross Revenues on all remaining Vehicle Upfit Services for the prior week's operation during the Reduction Period in accordance with all terms and conditions of your Franchise Agreements; (ii) If you own fifteen (15) or more Stores, you shall pay a Royalty equal to four percent (4%) of the Stores Gross Revenue LINE-X a royalty equal to four percent (4%) of your Stores' Gross Revenues on the sale and installation of Bedliner Services and one and one-third percent (1.33%) of your Store's Gross Revenues on all remaining Vehicle Upfit Services for the prior week's operation during the Reduction Period in accordance with all terms and conditions of your Franchise Agreements.

You must remain in full compliance with your Franchise Agreement to be eligible for any multi-unit operator incentives listed above. You will provide us any documentation that we may require proving your compliance with the requirements for this incentive program. To receive the benefit of these reduced royalty and fee amount, you must sign our required form Multi-Unit Operator Addendum to the Franchise Agreement (attached as Exhibit B-3 to this Franchise Disclosure Document).

*[Remainder of Page Intentionally Left Blank]*

## ITEM 6

## OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fees <sup>1</sup>	Currently, for a Franchise Agreement, we charge 6%. Modified rates may apply for those that qualify, under Legacy Franchisee Incentive Addendum or Multi-Unit Operator Addendum to Agreement (For details, see Note 1, below).	Weekly	We currently charge a royalty on the revenue that you generate from operating your Franchised Business. During the Term of your Franchise Agreement, LINE-X will charge you a royalty equal to six (6) percent of your Store's Gross Revenues.
Compliance Royalty <sup>1</sup>	12% of Gross Revenue, only as applicable	As Incurred	If you use and/or obtain equipment, products and/or services from any source other than the source we require without our written approval for any reason, we may terminate the Franchise Agreement and/or require you to pay us a royalty of twelve percent (12%) of the Gross Revenues of your LINE-X Store during any period in which you are in violation of the relevant provisions of the Franchise Agreement
LINE-X Brand Coatings, Chemicals, and Equipment <sup>2</sup>	Approximately \$3,000 per set. Modified rates may apply for those that qualify, under Legacy Franchisee Incentive Addendum	As incurred	You are required to purchase coatings and chemicals from us, or a designated affiliate.
LINE-X BRANDED PRODUCTS	Varies, depending upon the amount and type of accessories purchased	As incurred	You will purchase these vehicle accessories from our approved supplier's web-based program as specified in the Manual.

Marketing Fund <sup>3</sup>	Currently, 2.5% of Gross Revenues is due for the Marketing Fund. Modified rates may apply for those that qualify, under Legacy Franchisee Incentive Addendum to Franchise Agreement (For details, see Note 3, below).	Payable at the same time and in the same manner as you pay for Coating Products or monthly if based on Gross Revenues.	You must be in Good Standing to receive benefits of programs and materials created by the Marketing Fund. We currently require a national marketing fund contribution of 2.5%.
Local Marketing	2.5% of Gross Revenues.	As incurred.	We require that you spend at least 2.5% of Gross Revenues on marketing and promotion of the Store each quarter. You pay directly to local suppliers.
Marketing Co-Ops	Co-op Assessments	When levied	We have the right to form co-ops and enforce payments to co-ops. Amounts may vary. Each company-owned unit and franchisee-owned unit shall have 1 vote.
Grand Opening Marketing	A minimum of \$5,000.00	As incurred, the two (2) weeks prior to opening through six (6) weeks after opening.	You agree, at our election and in our wholly unrestricted right to make decisions and/or take (or refrain from taking) actions in our sole and absolute discretion (our "Business Judgment"), to spend at least five thousand dollars (\$5,000) on a marketing and promotional campaign related to the grand opening of your Franchised Business within the period of two (2) weeks before and six (6) weeks after the opening of your Location. This marketing spend is in addition to any other amount due and owing for marketing the Location.
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 amounts due to us, including purchases and marketing contributions. Additionally, we may require you to pay an administrative late fee of Fifty Dollars (\$50) for each late report and/or late payment.

Name of Fee	Amount	Due Date	Remarks
Supplier / Supplies Approval	Reasonable cost of inspection and actual cost of test not to exceed \$5,000	Time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved.
Insurance Policies <sup>4</sup>	Amount of unpaid premium, and Ten Percent (10%) in addition as an administrative fee if you fail to maintain required insurance coverage and we elect to obtain coverage for you.	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 and on March 1 <sup>st</sup> of each year during the franchise term.	Payable to us 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 limited circumstances specified in the Franchise Agreement.
Renewal Fee	\$2,500	At the time of renewal	Payable to us.
Additional Training and On-Site Technical Support	\$1,000 per day plus expenses	Time of service	Additional training and on-site technical support for equipment and computer systems is at your cost.
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. You must stay current on the core services and training requirements pursuant to the standards of the System as provided for in the Confidential Operations Manual and communications or notices sent to you throughout the term of your Franchise Agreement.

Name of Fee	Amount	Due Date	Remarks
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	As costs incurred, or 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 <sup>5</sup>	Cost of required maintenance, upgrades, and changes or modifications to the System.	Time of modification	You will make these expenditures as we require to comply with modifications, improvements, and/or upgrades, such as painting, graphics, equipment, or fixture repair and on-going maintenance depending on the wear and tear of the Franchised Business and in accordance with the System. Payable to suppliers.
POS System <sup>6</sup>	\$600 per month. A Coating Products rebate may apply in the amount of \$300 per month for those franchisees who qualify for, execute, and remain in compliance with the Legacy Franchisee Incentive Addendum to Franchise Agreement, as specifically detailed and for the duration described, in such addendum.	Monthly	We require you to purchase and use our specific point-of-sale software, including shop management functions, communication, reference portals and accompanying hardware ("POS System").

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.

<sup>1</sup> **Royalty Fees.** Currently, for a Franchise Agreement at a new location, we charge 6% of Gross Revenues as defined below and in the Franchise Agreement. We generate income and profit from the sale of LINE-X Products to you, including Coating Products. In all cases, 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.

If you use and/or obtain Designated Equipment, or other equipment, products, and/or services from any source other than the source we require without our written approval, we may terminate the Franchise Agreement and/or we may require you to pay us a royalty of Twelve Percent (12%) of the Gross Revenues 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 (the "Compliance Royalty").

The term "Gross Revenues" means all revenue resulting from all sales which include the provision and/or sale of Core Services and Choice Services offered at your Location (collectively defined in the Franchise Agreement as the "Services") arising from the operation of your Franchised Business. This includes all remuneration received from the offering and sale of Services, whether or not such sales have been approved or authorized by us and whether for cash, credit, gift, or barter and with no deductions or exclusions whatsoever (including for any third-party delivery services or processing fees); provided, however, that "Gross Revenue" shall not include any of the following: (i) service personnel tips; (ii) any products or services not include in the Services; and (iii) any sales taxes or other taxes collected by you for transmittal to the appropriate taxing authority. We reserve the right to modify the definition of "Gross Revenues" including those items exempted from the definition in our sole and absolute discretion...

**<sup>2</sup> Coatings, Chemicals and Equipment.** Under the terms and conditions of the Legacy Franchisee Incentive Addendum to Franchise Agreement in years (1) and (2), this amount is approximately \$3,600.00 per set. Under the terms and conditions of the Legacy Franchisee Incentive Addendum to Franchise Agreement in years three (3) through five (5), and current Franchise Agreement, the amount is as stated at approximately \$3,000.00 per set. We offer a variety of chemicals, additives, catalysts, activators parts, equipment, and related products, ranging in price from \$3.07 per pound to \$27.01 per pound. Our most popular chemical, the XS-100 A & B, currently sells for \$3.78 per pound, and you are required to purchase at least one (1) set of Coating Products per month during the Term of your Franchise Agreement 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 \$3.60 per pound to \$6.14 per pound), accessories, tape, and products for cleaning equipment. We and/or our affiliates generate income from the sale of these and all products to you. We reserve the right to change our prices to respond to fluctuations in commodity and raw materials prices, scarcity, and other factors that may affect our manufacturing or distribution costs.

Under the terms, conditions, and obligations of the Franchise Agreement, and in years (3) through (5) of the Legacy Franchisee Incentive Addendum to Franchise Agreement, a Royalty on all Gross Revenues of the Franchised Business applies and is due weekly to us. You shall pay Royalty and make all payments to LINE-X by the method specified by LINE-X in its Business Judgment, which currently is through ACH payment.

**<sup>3</sup> 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 to the Marketing Fund a Marketing Fund Contribution in the amount of two- and one-half percent (2.5%) of your Gross Revenues. We have sole discretion over all matters relating to the Marketing Fund and all related matters (consistent with its purposes and the provisions of the Franchise 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 (or other designee) 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 marketing and other items produced using the Marketing Fund. 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. 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. 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 you or the 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. LINE-X may not spend contributions made to the Marketing Fund in the year in which those contributions are received and that such contributions may be carried forward into future years. You also acknowledge and agree that LINE-X may overspend the amount of the Marketing Fund based on anticipated future contributions.

<sup>4</sup> **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:

<b><u>Required Coverage</u></b>	<b><u>Minimum Limits of Coverage</u></b>
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.....	\$300,000.00 (limit)
(covers physical damage to customer vehicles)	

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

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



(vi) Cyber Liability Insurance with a minimum \$1,000,000.00 each occurrence and \$3,000,000.00 aggregate.

(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.

Although we do not require it, we strongly recommend that you consider carrying Pollution/Environmental Legal Liability insurance with a minimum \$1,000,000.00 each occurrence and a \$2,000,000.00 aggregate, covering bodily injury, property, and environmental damage, including clean up, removal, containment, and treatment of pollutants, arising out of your Franchised Business operations.

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, on any renewal of such insurance while the Franchise Agreement is in effect, and on March 1<sup>st</sup> of each calendar year while the Franchise Agreement is in effect.

You acknowledge that business risks are ever-changing and the appropriate insurance coverages and related coverage costs and premiums are changing with the risks. You further understand that we have the right to change the coverage requirements, and you have the obligation to meet these changing requirements, throughout the Term of the Franchise Agreement. 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 sixty (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 in addition to a charge of Ten Percent (10%) as an administrative fee.

**5 Upgrades and Maintenance.** A full Store retrofit or remodel may be required once, or as needed or required, during the term of the Franchise Agreement, depending on the overall condition of the Store and its compliance with System standards. You must also promptly repair or replace defective, worn-out, or obsolete equipment, signage, fixtures or any other item of the interior or exterior of the Store that is in need of repair, refurbishing or redecorating in accordance with our established standards, which may be updated from time to time, or as may be required by your lease. We may change or modify the System that is presently identified by the Designated Equipment, Marks, including the adoption and use of new or modified Designated Equipment, Marks, or copyrighted materials or a change in the services we require you to offer. You may be responsible for any costs associated with these changes. We reserve the right to require you to update or upgrade Designated Equipment, as well as 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.

**6 POS System.** We require you to purchase and use the POS System. The initial cost of such system is between \$850-\$5,320, dependent on the current computer capability, hardware, and software that is or is not present at the Store, and the number of system devices you choose to operate at your Store. You are required to pay us the then-current ongoing monthly fee for the POS System, which is currently \$600.00 per month. You must have a computer with hardware and software that: (1) meets the minimum

requirements to operate a business of this nature as detailed in the Manual for computer capability and hardware requirements; (2) has Internet access and e-mail capability in the minimum broadband upload and download amounts as listed in the Manual; and (3) includes accounting software. We reserve the right, in our sole and absolute discretion, to raise the POS System fee amount no more than ten percent (10%) in any given calendar year, with no more frequency than once per calendar year, with a ninety (90) day notice to you for such change.

*[Remainder of Page Intentionally Left Blank]*

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**

TYPE OF EXPENDITURE	AMOUNT <sup>1</sup>	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>2</sup>	\$40,000	Lump Sum	On signing of the Franchise Agreement.	Us
Initial Training Expenses <sup>3</sup>	\$1,000 - \$10,000	As arranged	As incurred	Transportation carriers, hotel facilities, etc.
Real Estate <sup>4</sup>	\$16,000 - \$60,000	As arranged	As incurred	Landlord
Leasehold Improvements <sup>5</sup>	\$22,000 - \$110,000	As arranged	As incurred	Approved Suppliers
Insurance <sup>6</sup>	\$1,000 - \$11,000	As arranged	Before Opening Your Business	Insurance Carrier
Utilities <sup>7</sup>	\$500 - \$1,500	As arranged	As incurred	Utility Suppliers
Vehicles <sup>8</sup>	\$1,000 - \$100,000	As arranged	As arranged	Approved Suppliers
Graphics Package <sup>9</sup> (Includes Interior and Exterior Signage)	\$5,000 - \$40,000	As arranged	As incurred	Approved Supplier and/or Us or Our Affiliate
Licenses and Permits <sup>10</sup>	\$500 - \$1,500	As arranged	As arranged	Local, State or Federal Government
Office Equipment/Supplies/POS System <sup>11</sup>	\$3,531 - \$14,031	As arranged	As incurred	Us or Approved Suppliers
Initial Inventory of Coating Products <sup>12</sup>	\$8,970.77 - \$13,864.99	As required	Before Opening Your Business	Us or Our Affiliate
Opening Marketing <sup>13</sup>	\$5,000 - \$15,000	As required	30 days prior to opening to 90 days after	Vendors
Uniforms <sup>14</sup>	\$250 - \$500	As arranged	As arranged	Approved Suppliers
Bedliner Spray Equipment Package <sup>15</sup>	\$46,968.08 - \$86,658.60	As arranged	Before Opening Your Business	Us or Our Affiliate
Equipment Package <sup>16</sup>	\$39,482.04 - \$104,086.67	As arranged	As arranged	Approved Suppliers
Application Booth <sup>17</sup>	\$12,299.65 - \$89,250	As arranged	Before opening	Approved Suppliers
Shop Tools and Supplies <sup>18</sup>	\$15,297.33 - \$28,638.68	As arranged	As arranged	Us or Approved Suppliers
Inventory of LINE-X BRANDED PRODUCTS <sup>19</sup>	\$2,200 - \$7,150	As arranged	As arranged	Approved Supplier
Additional Funds – 3 months <sup>20</sup>	\$50,000 - \$75,000	As arranged	As incurred	Employees, vendors, utilities

Expansion Choice Equipment <sup>21</sup>	\$0 - \$205,014.12	As arranged	As arranged	Us or Our Affiliate
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$270,999 - \$1,013,194</b>			

Notes to Table:

<sup>1</sup> All amounts are non-refundable unless otherwise noted.

<sup>2</sup> **Initial Franchise Fee.** The Initial Franchise Fee for a single LINE-X Store is \$40,000. This fee will be reduced if you qualify for our U.S. Military Veteran's program or the Mult-Unit Operator Incentive Program. Please see Item 5 for more details on the Initial Franchise Fee and the requirements to qualify for a reduced fee.

<sup>3</sup> **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.

<sup>4</sup> **Real Estate.** The low end of the initial investment represents a building that has adequate space for the showroom and shop areas to display and install the core menu item requirements as detailed in the Manual. The high end represents a building that has the space to display and install, in addition to the core items, some of the choice menu items. The estimate covers three (3) months of rent and one (1) month of rent as a security deposit. You may be required to pay a security deposit of more than one (1) month of rent. The chart provides an estimate of your initial investment for a leased site and does not contemplate tenant improvement costs. The total estimated initial investment does not include purchasing real estate and related costs. We are unable to estimate the cost of purchasing and developing a site for a Store, as it will vary considerably depending on such factors as the location and size of the site and the local real estate market.

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.

<sup>5</sup> **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. The cost of your build-out may be reduced by a Tenant Improvement ("TI") allowance or rebate from the landlord, which varies depending on the terms of each lease agreement and is not included in this estimate. However, pursuant to your lease agreement with the landlord, you will likely be required to complete the build-out and satisfy all related invoices to contractors and service providers in order to qualify for the TI rebate from the landlord. This estimate includes site development costs using conventional construction methods, which may vary considerably depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, material and labor costs, and variations depending on your region and your specific location.

<sup>6</sup> **Insurance.** Insurance costs can vary widely and may be more than shown here. The range disclosed is for three (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.

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

<sup>8</sup> **Vehicles.** You are required to have a pickup truck that is 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 and install a graphics package for use on your pickup truck, as described in Note 9 below.

<sup>9</sup> **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. LINE-X will provide the options for use on your pickup truck(s) via the Graphics Package and you must obtain prior approval from LINE-X before installation on your pickup truck(s). The cost of your signage may be more or less, and depends on the size, type, and method of installation you choose.

<sup>10</sup> **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.

<sup>11</sup> **Office Equipment/Supplies/POS System.** There is a range of expenses that will be incurred when purchasing office equipment and related supplies and point-of-sale system hardware. The equipment will include a computer, software, high speed internet, telephone system, office chair, supplies, and point-of-sale system hardware. The cost of the equipment, supplies, and point-of-sale system hardware ranges from \$3,531 - \$14,031. The low-end numbers represent needed basic office supplies, equipment, and basic point-of-sale system hardware. The high-end of the range includes everything required plus multiple terminals of new point-of-sale system hardware. We require you to purchase and use our specific POS System. The upfront cost of such system is between \$850-\$5,320 included in this estimate, and is dependent on the current computer capability, hardware, and software that is or is not present at the Store and the number of system devices you choose to operate at your Store. You are required to pay us the then-current ongoing monthly fee for the POS System, which is currently \$600.00 per month. You must have a computer with hardware and software that: (1) meets the minimum requirements to operate a business of this nature as detailed in the Manual for computer capability and hardware requirements; (2) has Internet access and e-mail capability in the minimum broadband upload and download amounts as listed in the Manual; and (3) includes accounting software.

<sup>12</sup> **Initial Inventory of Coating Products.** The Initial Inventory of Coating Products includes two 55-gallon drum of component A; two 55-gallon drum of component B Black; one 5-gallon of Black POP pigment; and primer kits. Additional materials are included in the higher-end Equipment Packages.

<sup>13</sup> **Opening Marketing.** We require that you spend a minimum of five thousand dollars (\$5,000) on a marketing and promotional campaign related to the grand opening of your Franchised Business within the period of two (2) weeks before and six (6) weeks after the opening of your Location. However, you may invest additional funds to the opening marketing for your grand opening to promote your LINE-X Store.

<sup>14</sup> **Uniforms.** The range of costs covers the expense to acquire uniforms for 3 to 6 employees.

<sup>15</sup> **Bedliner Spray Equipment Package.** The low end of the range represents the amount we or our Affiliate may charge for the initial basic Bedliner Spray Equipment Package which includes items necessary as required and set forth in our Manual. Additional items and materials are included in the higher-end Equipment Packages.

<sup>16</sup> **Equipment Package.** This equipment is not included in the Bedliner Spray Equipment Package but is required. You may purchase from us or a local supplier as required and set forth in our Manual.

<sup>17</sup> **Application Booth.** You may be required by OSHA Standards and applicable federal, state, and local rules and regulations 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.

<sup>18</sup> **Shop Tools and Supplies.** You must purchase your shop tools and supplies from us or approved suppliers. The basic automotive tools you will need for your LINE-X Franchised Business are detailed in the Manual.

<sup>19</sup> **Inventory of LINE-X BRANDED PRODUCTS.** This range covers your initial inventory of LINE-X BRANDED PRODUCTS accessories for display items and opening stock of the LINE-X BRANDED PRODUCTS collection as detailed in the Manual.

<sup>20</sup> **Additional Funds.** We estimate this amount based on three (3) months operating the store for costs such as, but not limited to, employees, vendors, and utilities, but you may need additional funding for a longer period of time.

<sup>21</sup> **Expansion Choice Equipment.** This is additional equipment that you may choose. You can choose packages as specified in the Manual.

*[Remainder of Page Intentionally Left Blank]*

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Before you begin operations, you must purchase the Required Purchases from us. The Required Purchases consists of equipment and supplies necessary for you to operate your Store in compliance with the Franchise Agreement and the Manual. We are the only approved supplier of the Required Purchases, and we will derive revenue and profit as a result of your purchase of the Equipment Package. Your purchase of the Required Purchases represents approximately 36% to 42% of your initial investment and less than 10% of your ongoing expenses.

In operating your Franchised Business, you will utilize certain 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 System and trade secrets, limit their use to LINE-X and its affiliates, 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 affiliates and/or suppliers who will sell the LINE-X Products to franchisees and a limited and select number of affiliates and third parties to sell in other streams of commerce. We anticipate that your purchases of LINE-X Products will be approximately 10% to 20% 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, and offer only the Designated Equipment, LINE-X Products, and services, and purchase from suppliers, as are specified by us from time to time. We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our sole discretion. These suppliers may include, and may be limited to, us, a Franchisor-Related Parties, and/or a designee of ours. On notice by us, you will immediately cease and desist from using and offering any equipment, products, or services not authorized by us. LINE-X officers hold an ownership interest in Ultimate Linings. You must offer for sale our "Core Products," as we define them in our Manual and which we may amend from time to time.

We and/or an affiliate of ours are the only approved suppliers of select products and other chemicals which are the core ingredient of the LINE-X brand Coating Products that you spray or apply.

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

We require you to purchase all your LINE-X Products and accessories from approved supplier(s), as designated in our Manual, through purchase portals or processes as detailed in the Manual. For purchases of equipment, chemicals, and other consumables as listed and designated in the Manual, we require you make purchases through LINE-X Direct. Via LINE-X Direct, you will place all orders for payment either via credit card or Automated Clearing House (ACH) for your designated account. Should you choose the credit card payment option, we may charge you for the additional fees and costs that we incur in the amounts specifically noted at the time of placing the order via LINE-X Direct. Before purchasing any of the LINE-X Products from our designated supplier(s) you will be required to sign a "Franchise Data Release Authorization and Confidentiality Agreement" in the form attached as **Exhibit J**. We will receive a rebate ranging from 2% to 6% of our supplier(s)'s profits from its overall volume of sales to LINE-X franchisees. The rebate varies based on factors such as the volume sold, type of product, the manufacturer, and our negotiations with our supplier(s). We may receive a rebate, or charge an administrative fee, for any group purchasing or system wide purchasing programs we develop or maintain for the benefit of the System or any individual franchisee or group of franchisees, and may use any such amounts we receive without restriction and for any purpose we deem appropriate, including as revenue and/or profit.

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 up to \$5,000.00. We will notify you of our decision within thirty (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 sole and absolute discretion, 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 sole and absolute discretion. We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our sole and absolute discretion 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. We may receive a fee or rebate for doing so. We may receive a rebate, or charge an administrative fee, for any group purchasing or system wide purchasing programs we develop or maintain for the benefit of the System or any individual franchisee or group of franchisees, and may use any such amounts we receive without restriction and for any purpose we deem appropriate, including as revenue and profit.

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

In addition to the rebate we currently receive from our suppliers, as disclosed above in this Item, we also receive a 10% rebate from our approved supplier of Valugard corrosion and rust protection products, and a 10% rebate from our approved supplier of application booths and filters, based on purchases by our franchisees. Such purchases are not required by us.

We have developed, managed, and control, a national accounts program with various fleet and commercial accounts in LINE-X's National Fleet Services Program (the "Program"). Under the Program, qualified Franchisee LINE-X Store(s) that meet our then-current standards and criteria, including the offering of all Core Services, will voluntarily request to participate, and be selected by us in our sole and absolute discretion after criteria review, to provide selected fleet services to LINE-X's fleet and commercial accounts. At our option and pursuant to the Program participation and form entered between the parties, all services provided by you under the Program will be centrally billed through LINE-X. You acknowledge and agree that we generate income and profit as a result of our effort to create, develop, administer, and grow the Program, including the sales generated by it.

Other suppliers may make payments to us in the future because of transactions with franchisees. We will retain up to 100% of any or all rebates, commissions or other consideration paid by suppliers resulting from transactions with franchisees. We provide no material benefits to you based on your use of designated or approved suppliers. We may receive a rebate, or charge an administrative fee, for any group purchasing or system wide purchasing programs we develop or maintain for the benefit of the System or any individual franchisee or group of franchisees, and may use any such amounts we receive without restriction and for any purpose we deem appropriate, including as revenue and profit.

### **Computer Hardware and Software**

We require you to purchase and use the POS System. You are required to pay us the then-current ongoing monthly fee for the POS System, which is currently \$600.00. We reserve the right, in our sole and absolute discretion, to raise the POS System fee amount no more than ten percent (10%) in any given calendar year, with no more frequency than once per calendar year, with a ninety (90) day notice to you for such change. You must have a computer with hardware and software that: (1) meets the minimum requirements to operate a business of this nature, as detailed in the Manual for computer capability and



hardware requirements; (2) has Internet access and e-mail capability in the minimum broadband upload and download amounts as listed in the Manual; and (3) includes accounting software.

### **Derived Revenue**

During the fiscal year October 1, 2022 to September 30, 2023, our revenue as a result of required purchases of Coating Products, LINE-X BRANDED PRODUCTS accessories, and equipment by LINE-X franchisees was \$39,520,021. This revenue represents 69% of our total revenues of \$57,536,208. We did not receive any other revenue or other material benefits from required purchases or leases by LINE-X Franchisees. Ultimate Linings' revenue as a result of required purchases of Coating Products and equipment by LINE-X franchisees was \$17,726,774. This revenue represents 13% of Ultimate Linings' total revenues of \$140,763,514. No other affiliates derived revenue or other material considerations from required franchisee purchases or leases during the fiscal year ended September 30, 2023.

We do not 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.

*[Remainder of Page Intentionally Left Blank]*

**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 this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Section 3.1	Items 11 and 12
b. Pre-opening purchases/leases	Sections 3.2-3.5 and 9.2	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 3 and 4	Items 6, 7 and 11
d. Initial and ongoing training	Sections 4, 9.4, 14.3 and 15.5.F	Items 6, 7 and 11
e. Opening	Section 3	Item 11
f. Fees and Royalties	Sections 8, 13.3 and 17.1.C	Items 5, 6 and 7
g. Compliance with standards and policies / Operations Manual	Sections 1.1, 1.2, 1.5, 2.2.F., 3.1, 3.2, 3.3, 3.4, 4.2, 9.1, 9.3, 13.3.A and 15.5	Item 11
h. Trademarks and proprietary information	Sections 1.1, 1.2, 5, 7, and 16.2	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.2, and 9.2	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 6.3.B., 8.4 and 13.3.A.10	Not Applicable
k. Territory	Section 2.2	Item 12
l. Ongoing product/service purchases	Sections 9.2 and 15.5	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3.3 and 9.1	Items 6 and 17
n. Insurance	Section 9.5	Items 6 and 7
o. Marketing	Sections 2.3, 10 and 16.3	Items 6 and 11
p. Indemnification	Section 6.3	Item 6
q. Owner's participation/management/staffing	Section 9.4	Item 15
r. Records and reports	Section 11	Item 11
s. Inspections and audits	Sections 8.2, 12 and 15.5.B	Items 11

Obligation	Section in Agreement	Disclosure Document Item
t. Transfer	Sections 13 and 16	Items 6 and 17
u. Renewal	Sections 2.2 and 14	Item 17
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Section 7.2	Item 17
x. Dispute resolution	Section 17	Item 17
y. Licenses	Section 9.3	Item 7

## ITEM 10 FINANCING

We do not offer you any direct or indirect financing for any amount due under the Franchise Agreement. We do not guarantee your note, lease, or any other obligation, nor do we receive payment or other consideration for the placing of financing.

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

**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. Provide you with electronic access to 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 this Disclosure Document as **Exhibit E**. Our Manual currently contains 456 pages.
3. License you the use of our trademarks. (Franchise Agreement, Section 5.)
4. We will authorize the opening of your LINE-X Store. (Franchise Agreement, Section 3.6.)

### 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 3.4.)
2. We may 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 4.1.C.)
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 9.5.F)
4. We (or other designee) will maintain and administer the Marketing Fund. We (or other designee) will direct all marketing 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 10.1)

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 marketing allowances or rebates for doing so and may utilize such allowances or rebates in any manner in which we elect, in our sole discretion, for the benefit of the System or any individual franchisee or group of franchisees, and may realize such amounts as income, profit, and/or use any such amounts we receive without restriction and for any purpose we deem appropriate. (Franchise Agreement, Section 3.4)

7. Review and approve or reject your marketing materials prior to your use of same. (Franchise Agreement Section 10.2.B.)

8. We may provide 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 your legal requirements and obligations under any local or federal rule or regulation, 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. Currently, you must contribute two- and one-half percent (2.5%) of Gross Revenues to the Marketing Fund. 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 marketing 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 or territory 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/or local and any combination of those levels in a digital or traditional advertising medium. Marketing may be provided by us or a Franchisor-Related Parties (“in-house” or by an independent outside person/company). (Franchise Agreement, Section 10.1).

No material marketing expenditures from the Marketing Fund will be devoted to the sale of new franchises. The monies may be used to meet any and all costs of maintaining, administering, directing, producing, and preparing digital, online, and social media tools and campaigns, websites, Customer Relationship Management (CRM) tools and programs, re-targeting and re-marketing campaigns, mass media marketing (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 marketing programs including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Marketing Fund.

We do not anticipate that all contributions to the Marketing Fund will be expended for marketing and promotional purposes during the fiscal year within which contributions are made. Any excess amounts remaining in the Marketing Fund at the end of the fiscal year will be spent as follows: first out of any current

interest or other earnings of the Marketing Fund, next out of any accumulated earnings and finally from principal. The Marketing Fund will rollover from year to year. 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 marketing purposes or distributed back to franchisees. An unaudited 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. 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 you or the 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. (Franchise Agreement, Section 10.1.)

During the time frame of October 1, 2022 through September 30, 2023, the percentages of Marketing Fund expenditures by type were as follows:

Spent On	Year Ended September 30, 2023
Creative Development	25%
Trade Shows	1%
Social Media	17%
Digital+Search Marketing	51%
Opportunity Fund	6%

\*The "Opportunity Fund" is used in our sole and absolute discretion for opportunities that arise throughout the year (e.g., the purchase of a truck for use at auto shows.)

#### **D. Your Local Marketing Activities**

In addition to contributing Two- and One-Half Percent (2.5%) to the Marketing Fund, we require that you spend an additional Two- and One-Half Percent (2.5%) on local marketing activities, for a minimum total of Five Percent (5%) of your Gross Revenues each quarter toward marketing and promotion of your LINE-X Store. We will give you sixty (60) days' advance written notice of any required local advertising and marketing expenditures. You cannot create or maintain any digital presence, internet site, whether through the World Wide Web, URL, or other method, social networking site, or other digital, electronic, or virtual method without obtaining our express written agreement, which we may grant, deny, or condition in our Business Judgement. (Franchise Agreement, Sections 2.4 and 10.2.)

We reserve the right to approve all of your local marketing and promotion before you begin. 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.

Your marketing will be in good taste and conform to ethical and legal standards and our requirements. Your marketing and use of the Marks in advertising may not be associated with off-color content, pornography, vulgarities, or other unsuitable content as determined in our sole discretion. We may require you to submit samples of all marketing 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 marketing based on our sole discretion. You agree not to use any materials or programs disapproved by us. (Franchise Agreement, Section 10.2.B.)

We have established a franchise advisory council, which we call our Franchise Advisory Board ("FAB"), that provides feedback to us about marketing and the System. We are not obligated to take, follow, or implement any feedback, advice, request, or demand from the FAB or any other group of franchisees.

**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.)

**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 that you select. In selecting your site, you should consider demographics, population density, accessibility, proximity to other LINE-X Stores, available parking, traffic flow, and entrance to and exit from the site. We will consider those same factors in evaluation of the site for acceptance and others.

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, demographics, population density, accessibility, suitability, competing facilities. We will deliver to you written acceptance or rejection of a proposed location within thirty (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 Parties, 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 Parties with regard to such matters. Your LINE-X Store must be open for regular, continuous business within fifteen (15) 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 fifteen (15) months of the Effective Date of the Franchise Agreement, either we or you can terminate the Franchise Agreement. Upon such termination under these circumstances, we may partially refund the initial franchisee fee, less expenses we incur in providing site selection assistance to you and other expenses we incur. In no event will we return an amount more than Two Thousand Five Hundred Dollars (\$2,500). (Franchise Agreement, Section 3.1.)

You must comply with any standards, specifications, and other requirements that we may furnish you for design, decoration, layout, equipment, furniture, fixtures, signs, and other items for your LINE-X Franchised Business (the “Design Standards”). 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 laws. (Franchise Agreement, Section 3.3.)

**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 3.6.) The typical length of time between the earlier of the signing of the Franchise Agreement or the first payment of consideration for the franchise and the opening of the LINE-X Store is approximately twelve (12) to fifteen (15) months. Factors that may affect the opening time period include your ability to locate a site, obtain a lease, financing or building permits, zoning and local ordinances, and construction delays.

## H. Training

Before the opening of your LINE-X Store we will provide you, the Owner, or anyone you may designate, with initial training at our Franchise Support Center, Training Facility, or other designated location. We do not charge you a fee for the initial training program if you and your employees receive training at the same time. We will charge an additional training fee for training of additional and/or subsequent managers commensurate with the support and training required. We can choose to eliminate or shorten training for persons previously trained or with comparable experience. Travel and lodging are at your own expense.

The initial training program is conducted after the signing of the Franchise Agreement and the signing of the lease for your LINE-X Store, and it must be completed before the opening of the LINE-X Store. We offer our initial training once per quarter or more as needed.

The initial training program will occur at a facility that we designate and is described below (our Franchise Support Center is currently located in Charlotte, North Carolina, and our Training Facility is in Lebanon, Tennessee, but that may change):

<b>LINE-X FUNDAMENTAL TRAINING: IN-CLASS IMMERSION AT OUR SITE UP TO 5 DAYS</b>		
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Location</b>
<b>Day 1</b>		
Program Orientation –Training Goals LINE-X University & FSC Support	2	At our Training Facility, Franchise Support Center or other location chosen by us
Introduction to LINE-X Evolution of LINE-X and Brand Direction	1	At our Training Facility, Franchise Support Center or other location chosen by us
Safety Awareness	1	At our Training Facility, Franchise Support Center or other location chosen by us
Core Services LINE-X Branded Accessories	4	At our Training Facility, Franchise Support Center or other location chosen by us
<b>Day 2</b>		
Core Services	1	At our Training Facility, Franchise Support Center or other location chosen by us
Warranty Submission & Claim Process (LINE-X Bedliners & Branded Accessories)	1	At our Training Facility, Franchise Support Center or other location chosen by us
Human Resources	1	At our Training Facility, Franchise Support Center or other location chosen by us
Marketing and LINE-X Portal	4	At our Training Facility, Franchise Support Center or other location chosen by us
In-Person Customer Engagement	1	At our Training Facility, Franchise Support Center or other location chosen by us

<b>Day 3</b>		
Phone Skills & Coaching	2	At our Training Facility, Franchise Support Center or other location chosen by us
Lead Management Process	2	At our Training Facility, Franchise Support Center or other location chosen by us
National Accounts	1	At our Training Facility, Franchise Support Center or other location chosen by us
Business to Business & Local Fleet Services	1	At our Training Facility, Franchise Support Center or other location chosen by us
Other LINE-X Products & Opportunities	1	At our Training Facility, Franchise Support Center or other location chosen by us
LINE-X DIRECT	1	At our Training Facility, Franchise Support Center or other location chosen by us

LINE-X FUNDAMENTAL TRAINING: HANDS-ON CORE SERVICES AT OUR SITE UP TO 5DAYS			
Subject	Hours of Classroom Training	Location	
Day 4			
In Store Process and Merchandising	3	At our Training Facility, Franchise Support Center or other location chosen by us	
Leveraging Data for Business Growth	1	At our Training Facility, Franchise Support Center or other location chosen by us	
Local Market Analysis	2	At our Training Facility, Franchise Support Center or other location chosen by us	
Review	1	At our Training Facility, Franchise Support Center or other location chosen by us	
TOTALS	31		
HANDS-ON TRAINING PROGRAM AT OUR SITE UP TO 5 DAYS			
Subject	Hours of Hands-on training	Location	
Day 1			
Shop Safety	1.5	At our Training Facility, Franchise Support Center or other location chosen by us	



Bedliner Line-Up	1	At our Training Facility, Franchise Support Center or other location chosen by us
Other Sprays	2.5	At our Training Facility, Franchise Support Center or other location chosen by us
<b>Day 2</b>		
Hands on Spray Training	4	At our Training Facility, Franchise Support Center or other location chosen by us
Spray Bedliner	4	At our Training Facility, Franchise Support Center or other location chosen by us
<b>Day 3</b>		
Window Tinting	4	At our Training Facility, Franchise Support Center or other location chosen by us
Valugard	1	At our Training Facility, Franchise Support Center or other location chosen by us
Core Services Accessory Install	3	At our Training Facility, Franchise Support Center or other location chosen by us
<b>Day 4</b>		
Core Services Accessory Install	4	At our Training Facility, Franchise Support Center or other location chosen by us
<b>TOTALS</b>	<b>25</b>	

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
Grand Opening Planning / Marketing / Business Review and Help from LINE-X Trainers	0	11	Your business location
<b>TOTALS</b>	<b>0</b>	<b>68</b>	

Scott Harmon, our Director of Training & Development, conducts the initial training through LINE-X Fundamental Training and LINE-X University. Mr. Harmon has over 14 years of experience in LINE-X franchise operations, including managing a LINE-X franchise for over 5 years. He has over 9 years of operations and sales experience as a Regional Manager with us and has been in his current position since July 2023.

Tina Brooks, our Training Coordinator and LMS Support, assists in the training and onboarding program and is our main contact for LINE-X University, the online training portal. Ms. Brooks has over 25 years of experience in education and LMS systems. She joined LINE-X in May 2022.

Jacob Motley, our Franchise Marketing Manager, is responsible for supporting our Marketing programs to drive growth alongside our Franchise network. Mr. Motley has over 15 years of experience in the automotive industry, having worked in marketing, sales, and training roles. He joined LINE-X in April 2022.

Brian Stewart is our Director of Core Services. Mr. Stewart has over 20 years of experience in the aftermarket accessories industry, working with top warehouse distributors, retailers, manufacturers, and installers. He has been with LINE-X since 2013 and during training he instructs Franchisees regarding information on Core Services, specialty equipment, training assets, and business to business relationships.

Our primary instructional material consists of the Manual, online training, and in-person training in Charlotte, North Carolina, Lebanon, Tennessee, or another location designated by us. All media is available online in digital format through the Franchise Portal.

You, the Owner, and any other manager you may 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 for 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 4.1.B.)

If warranted by government regulations, emergency guidelines, enforced quarantines, travel restrictions, a natural disaster, force majeure, or other event outside of our control, we reserve the right to conduct any and all training, classes, courses, meetings, and conferences, online, telephonically, or otherwise, or to cancel or delay any and all such training, classes, courses, meetings, and conferences. (Franchise Agreement, Section 4.1.E.)

#### **I. Additional Training**

You and/or 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 4.1.C.)

#### **J. Computer System – Hardware and Software**

We require you to purchase and use our POS System. You must have a computer with specific hardware and software requirements that: (1) meets the minimum requirements to operate a business of this nature as detailed in the Manual for computer capability and hardware requirements; (2) has Internet access and e-mail capability in the minimum broadband upload and download amounts as listed in the Manual; and (3) includes accounting 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 with hardware and software is \$850 to \$5,320. The

approximate cost of any annual maintenance upgrades or updates or maintenance support contracts is \$50 to \$100. The current cost of the POS System is \$600 per month and is paid to us. It may increase during the term of your Agreement. We reserve the right, in our sole and absolute discretion, to raise the POS System fee amount no more than ten percent (10%) in any given calendar year, with no more frequency than once per calendar year, with a ninety (90) day notice to you for such change.

We will 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. You also agree that we own and control all information, lists, and data related to past, present, and future customers of your LINE-X Store (the "Customer Data").

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

Other than the POS System, 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.

*[Remainder of Page Intentionally Left Blank]*

## ITEM 12 TERRITORY

You will receive an exclusive territory for your LINE-X Store within a designated area (the "Territory") as defined in the Franchise Agreement for as long as you are in compliance with your obligations under the Franchise Agreement. Within the Territory, we will not grant another LINE-X Store franchise to another franchisee, nor will we open a LINE-X Store that we own. You will operate the Franchised Business from a location we accept (the "Premises"). Your Territory will be defined by a map and/or a related set of identifiers such as zip codes, coordinates, street addresses, or area codes. The Territory will be independently determined by using our sole discretion 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; population density; drive times from the defined location; natural and manmade boundaries; number of vehicle dealerships and new truck sales; 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.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control, or impose conditions on 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 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 Parties may be involved, now or in the future.

We, our parents, 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 inside the Territory, except for a brick-and-mortar retail LINE-X Store, whether or not using the LINE-X Marks, System, Chemical Products, or LINE-X Products, and/or any kind of business outside of the Territory, including, without limitation, LINE-X Stores, whether or not using the LINE-X Marks and System, Chemical Products, or LINE-X Products;

(2) sell LINE-X brand (or any other brand) products and services (whether or not competitive or substantially similar to LINE-X Products) 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, or via LINE-X's National Fleet Services Program performed by LINE-X or franchisees) 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, even those that may compete with you;

(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 on how to apply the coatings. However, if you initiated this account, have serviced it for over one (1) year, and have sold product to them in the prior twelve (12) 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.

We may, in our Business Judgment, modify, change, reconfigure, shrink, or enlarge your Territory as a condition of your renewal or successor process. Such Territory may be materially smaller or larger than the current Territory defined in your Franchise Agreement.

If (i) you are not in 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) you fail to meet our then-current Performance Standards (as defined below), then we may reduce, eliminate, or otherwise modify your Territory and 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, audits, 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 one (1) set of Coating Products per month during the Term of your Franchise Agreement. You agree we may change the Minimum Purchase Standard in our Business Judgment at any time upon not less than ninety (90) days written notice.

If for two (2) consecutive quarters (or three (3) 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; (ii) terminate the exclusivity in your Territory and permit other franchisees to market in your Territory; (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. You agree LINE-X can change, increase or decrease the Minimum Purchase Standard at any time. You also agree

LINE-X can expand in scope to cover more purchase categories or purchases from specific programs or Suppliers, at any time, in its Business Judgment.

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

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

**C. Correction Process**

(1) If we notify you of your failure to meet any Performance Standard, then you will have thirty (30) days from our delivery of written notice to you to meet all applicable Standards.

(2) In our Business Judgment, we may 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.

(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. If within such thirty (30) days your LINE-X Store does not meet any of the Performance Standards, then we can reduce, eliminate, or otherwise modify your territorial rights or proceed to default and terminate your franchise in accordance with the terms and provisions of the Franchise Agreement.

**D.** We have developed a "LINE-X 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.


**E.** 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.

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

*[Remainder of Page Intentionally Left Blank]*

## 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 owned and registered by us on the Principal Register of the United States Patent and Trademark Office. We may authorize you to use some or all of the following Marks:

Mark	Registration Number	Registration Date	Registration Renewal
<b>LINE-X</b> (Cl. 02)	1861562	November 8, 1994	Due Nov. 8, 2024
<b>LINE-X</b> (Cl. 02 & Cl. 40)	2461464	June 19, 2001	Due June 19, 2031
<b>LINE-X</b> (Cl. 02 & Cl. 40)	2463701	June 26, 2001	Due Jun 26, 2031
<b>LINE-X</b> (Cl. 02 & Cl. 40)	3530500	November 11, 2008	Due Nov 11, 2028
<b>LINE-X</b> (Cl. 25)	3764253	March 23, 2010	Due Mar 23, 2030
 (Cl. 02 & Cl. 37)	5208783	May 23, 2017	Due May 23, 2027
<b>ASPART-X</b> (Cl. 02)	4026850	September 13, 2011	Due Sep 13, 2031
<b>LINE-X ULTRA</b> (Word Mark) (Cl. 2, Cl. 12 & Cl. 37)	5453783	April 24, 2018	Due Apr 24, 2024
<b>LINE-X TINTSOLUTIONS</b> (Word Mark) (Cl. 17 & Cl. 40)	6137251	August 25, 2020	Due Aug 25, 2026
<b>LINE-X TINTSOLUTIONS</b> (Cl. 17 & Cl. 40)	6137252	August 25, 2020	Due Aug 25, 2026

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. We have no knowledge of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

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 will give trademark and other notices (including notices of independent ownership) as we direct and will, and, 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 will not 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. We retain 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 we are 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 five (5) days dismantle any frames and links among your web pages and any other websites.

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.

*[Remainder of Page Intentionally Left Blank]*



## **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) specifications designs, formulas, and any other 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 information, lists and data related to past, present, and future customers of your LINE-X Store (the “Customer Data”). We own the Customer Data. We disclose to you Confidential Information, including Customer Data, needed for the operation of a LINE-X franchise, and you may learn additional information during the term of your franchise. We or our Affiliates 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 (i) use the Confidential Information only for the operation of your LINE-X Store under a LINE-X Franchise Agreement; (ii) maintain the confidentiality of the Confidential Information; (iii) not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and (iv) implement and follow all prescribed procedures for the prevention of unauthorized use or disclosure of the Confidential Information.

We have the perpetual right to use and 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.

You also agree to fully and promptly disclose all ideas, techniques, and other similar information relating to the Franchised Business that are conceived or developed by you and/or your employees, which we will have a perpetual right to use, and to authorize others to use, without compensation or other obligation. As you know, an integral part of the Franchised Business and, as part of our System we or an affiliate of ours will sell you select polyurethane and polyurea-based products and other chemicals that comprise the Coating Products. Our training, Manual, Designated Equipment, and certain products comprise the LINE-X System.

We grant you a temporary and revocable license to use the Confidential Information, including the Customer Data, during the term of this Agreement provided you are in strict compliance with all of the terms and conditions of this Agreement. At the end of the term of this Agreement, you no longer have a license to use the Confidential Information, Customer Data, and you must return all of it to us.

*[Remainder of Page Intentionally Left Blank]*

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

You, as Owner, after successfully completing mandatory training and meeting 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 twelve (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 twelve (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. If you are a business entity, your designated manager need not hold an ownership interest in the business to be the on-premises supervisor.

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

During the term of the Franchise Agreement and for two (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.

If you are a Business Entity, we require each of your owners to guarantee 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, 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 also be required to pay the Compliance Royalty. 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.

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, marketing, 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 agree 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.

#### ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement: Section 2.2	The term is 10 years from the date of the Franchise Agreement.
b. Renewal or extension of term	Franchise Agreement: Sections 2.2.C and 14.	If you are current in all your obligations to us and meet the conditions for renewal, including attending any required modified training program, you can renew for one (1) additional term of 10 years. You must meet all successor and renewal criteria set forth in the Franchise Agreement at the end of the term before we will consider Renewal.
c. Requirements for franchisee to renew or extend	Franchise Agreement: Section 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 have complied with our then-current qualification and training requirements; you have given us timely written notice of renewal; you have signed a then-current form of Franchise Agreement; you have paid the \$2,500 renewal fee, and you have signed a general release in substantially the form of <b>Exhibit F</b> to this Disclosure Document. You must give us notice of your intent to renew between 6 and 12 months before the Franchise Agreement expires. Within ninety (90) days after our receipt of your notice, we will acknowledge receipt of your notice and provide in writing: 1) any reasons that could cause us to not award the successor franchise, including any deficiencies requiring correction; and 2) our then-current requirements, specifications, and standards relating to the image, appearance, and equipment then-necessary to operate the Franchised Business as a LINE-X Store. The new Franchise Agreement may contain terms and conditions that are materially different from your original Franchise Agreement.

Provision	Section in franchise or other agreement	Summary
d. Termination by franchisor without cause	Franchise Agreement: Not Applicable	The Franchise Agreement does not provide for termination without cause.
e. Termination by franchisor with cause	Franchise Agreement: Section 15	We may terminate the Franchise Agreement upon delivery of notice to you if you default under the terms of the Franchise Agreement.
f. <b>“Cause”</b> defined – curable defaults	Franchise Agreement: Section 15.2	The following constitute curable defaults that must be cured within ten (10) days: (1) failure to maintain required insurance or provide evidence of such to us within ten (10) days of our request; (2) failure to correct any condition that might pose a danger to public health and/or safety; (3) failure to submit any report due; (4) failure to make payments of any amounts due; (5) failure to have a trained, qualified spray technician at the Store; (6) failure to timely meet the Performance Standards (defined below) or otherwise implement and/or comply with the Performance Standards (defined below) as required by Section 15.5; (7) failure to comply with any dispute resolution provisions of the Franchise Agreement; (8) failure to comply with any other provision of the Franchise Agreement, any other agreement with us, or any specification, standard or operating procedure or rule in the Manual or by other writing which does not provide for a shorter notice period. With respect to items (1) and (2) above, we may require you to immediately cease all operations until such defaults are fully cured.
g. <b>“Cause”</b> defined - non-curable defaults	Franchise Agreement: Section 15.1	The following events constitute non-curable defaults, you: A). fail to timely meet the site selection, development, opening, and other requirements provided in Sections 3.1 and 3.4 of the Franchise Agreement; B). abandon or fail to operate your LINE-X Store or the Location for more than seven (7) consecutive calendar days; C). make any material misrepresentation or omission in your application for the franchise, including failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses) or otherwise provide LINE-X with false or misleading books, records, documents, information, statements, representations, or

		<p>warranties; 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, other LINE-X franchisees, us, the Marks, or our goodwill; F). make, or attempt to make, an unauthorized Transfer or surrender control of your LINE-X Store without our prior written approval; G). violate Section 7.2 of the Franchise Agreement (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 eighteen (18) month period, whether or not resolved; 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; J). make any unauthorized use or disclosure of any Confidential Information or use, duplicate, divulge, or disclose any portion of the Manual in violation of the Franchise Agreement; K). violate any health, safety, or sanitation law, ordinance, or regulation and fail to immediately begin curing the noncompliance within three (3) days of receiving notice of such violation and do not completely cure such noncompliance within five (5) days of receiving notice; L). commit an act or omission that results in a danger of compromises the safety of your employees, Customers, or the public; M). lose the right of possession to the Location or fail to timely cure any default or breach of the Location the Franchise Agreement; or N). use, obtain, or sell designated equipment, products and/or services from any source other than the source we require without our prior written approval.</p>
--	--	---

h. Franchisee's obligation on termination/non-renewal	Franchise Agreement: Section 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 marketing as a Franchised Business; pay all sums owed; pay all damages and costs 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; and comply with the covenants not to compete.
i. Assignment of contract by franchisor	Franchise Agreement: Section 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.
j. "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.
k. 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.

Provision	Section in franchise or other agreement	Summary
l. Conditions for franchisor approval of transfer	Franchise Agreement: Section 13.3	<p>You must be in compliance with all agreements, the Manual, all contracts with any party, and transferee must assume all obligations under these agreements; transferee must 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.</p> <p>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 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.</p>
m. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement: Section 13.6	<p>You agree that all Transfers are subject to our right of first refusal. If you or any of your direct or beneficial owners (i) wish to Transfer any or all of your or any of its direct or beneficial owners' interest in this franchise, the Agreement, franchisee, the Location, the Location Agreement, or substantially all of your assets or (ii) receive a bona fide offer to Transfer any or all of franchisee or any of your direct or beneficial owners' interest in this franchise, the Agreement, franchisee, the Location, the Location Agreement, or substantially all of</p>

		your assets (13.6(i) and (ii) together, an "Offer"), then you shall provide us with written notice of any Offer or proposed Transfer by you, as well as all Complete Transfer Request Material.
n. Franchisor's option to purchase franchisee's business	None	Not Applicable.
o. 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 due to a disability 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.
p. Restrictive covenants	Franchise Agreement: Section 7.2.	In consideration of your inclusion in the System, LINE-X's disclosure of its Confidential Information, license of the Marks and goodwill, initial and ongoing training, as well as other good and valuable consideration, you agree that 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 shall during the Term and for a period equal to two (2) years after the later of (i) the Term expires or is terminated, (ii) any sale, assignment, or transfer of this Agreement or the Franchised Business; (iii) the date upon which you stop operating the LINE-X Store, using the Marks and/or System, or (iv) comply with this Section 7.2 (the "Restricted Period") either directly or indirectly, work for, own, operate, develop, engage in, advise, assist, consult, invest in, franchise, make loans to, or have any direct, indirect, or beneficial interest in any business that (1) offers or sells (a) Core Services or (b) any Choice Services which you offer from your Location in the last 12 months of your operation as a LINE-X store, (2) manufactures, distributes, sells, or applies spray-on coating products that are similar to or competitive with the Coating Products you sold or applied from your Location in the last 12 months of your operation as a LINE-X Store, and/or (3)



		<p>sells and/or installs Accessories similar to or competitive with those sold or installed by you during the last 12 months of your operation as a LINE-X Store at the Location, within the Territory, or within five (5) miles of any other LINE-X store that now exists or may open in the future. You acknowledge and agree that you may either know or easily determine the location of any existing or future LINE-X store by, among other things, reviewing LINE-X's website. You acknowledge, agree, warrant, and represent that you shall not assert or use as a defense any allegation, argument, claim, or defense that current or future LINE-X stores are not expressly set forth in this Agreement or that the location of any such current or future LINE-X store may change. You also agree that 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 shall during the Restricted Period either directly or indirectly solicit any person, firm, or company that has been a LINE-X customer or a customer at the Location during the last 12 months of your operation as a LINE-X Store (collectively, the "Customers"), 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 Parties).</p>
q. Modification of the Franchise Agreement	Franchise Agreement: Sections 20.2 and 4.2	<p>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.</p>
r. Integration/merger clause	Franchise Agreement: Section 20.2	<p>Only the terms of the Franchise Agreement and any ancillary documents or addendum are binding (subject to state law). Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.</p>

Provision	Section in franchise or other agreement	Summary
s. Dispute resolution by mediation or arbitration	Franchise Agreement: Section 17	Except for claims or disputes seeking (a) injunctive relief as to the validity or your use of the Marks and/or any intellectual property licensed to you; (b) injunctive relief for health and safety issues or violations; or (c) injunctive relief as to the validity or enforcement of the covenants not to compete, all claims shall 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 Commercial Arbitration Rules of the American Arbitration Association. 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. This provision is subject to state law.
t. Choice of forum	Franchise Agreement: Section 17.1, 17.2	Any arbitration, and litigation not subject to arbitration, must be brought in the county/jurisdiction where our then-current headquarters are located, which is currently Charlotte, North Carolina (subject to state law).
u. Choice of law	Franchise Agreement: Section 17.8	North Carolina law applies (unless prohibited bylaws 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.

*[Remainder of Page Intentionally Left Blank]*

**ITEM 18 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of the outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting George S. Lezon, at LINE-X LLC, 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217, (800) 831-3232, the Federal Trade Commission, and any appropriate state regulatory agencies.

**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System-wide Outlet Summary  
For Fiscal Years 2021 through 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised Outlets</b>	2021	443	446	+3
	2022	446	431	-15
	2023	431	418	-13
<b>Company-Owned*</b>	2021	2	0	-2
	2022	0	0	0
	2023	0	0	0
<b>Total Outlets</b>	2021	445	446	+1
	2022	446	433	-13
	2023	433	420	-13

\* The Company-Owned Stores were owned and operated by our affiliate, LX Retail LLC. The 2 Company-Owned Stores disclosed at the end of Year 2020 were sold to franchisees, and we no longer have any Company-Owned Stores.

*[Remainder of Page Intentionally Left Blank]*

**Table No. 2**  
**Transfer of Outlets from Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Fiscal Years 2021 through 2023**

State	Year	Number of Transfers
AL	2021	0
	2022	0
	2023	0
AR	2021	0
	2022	1
	2023	0
AZ	2021	0
	2022	0
	2023	0
CA	2021	3
	2022	0
	2023	1
CO	2021	1
	2022	0
	2023	0
CT	2021	0
	2022	1
	2023	0
FL	2021	2
	2022	2
	2023	1
GA	2021	0
	2022	0
	2023	0
IA	2021	0
	2022	0
	2023	1
ID	2021	0
	2022	0
	2023	0
IL	2021	0
	2022	0
	2023	0
KS	2021	0
	2022	1

	2023	0
KY	2021	1
	2022	0
	2023	0
	2023	0
MA	2021	0
	2022	0
	2023	0
	2023	0
MD	2021	2
	2022	0
	2023	0
	2023	0
ME	2021	0
	2022	1
	2023	0
	2023	0
MI	2021	0
	2022	0
	2023	0
	2023	0
MN	2021	0
	2022	0
	2023	0
	2023	0
MO	2021	1
	2022	0
	2023	0
	2023	0
MS	2021	0
	2022	1
	2023	0
	2023	0
NC	2021	0
	2022	0
	2023	0
	2023	0
ND	2021	0
	2022	0
	2023	0
	2023	0
NE	2021	0
	2022	0
	2023	0
	2023	0
NH	2021	0
	2022	1
	2023	0
	2023	0
NJ	2021	0
	2022	0
	2023	0
	2023	0
	2021	0
	2022	0

NY	2023	0
OH	2021	0
	2022	0
	2023	0
OR	2021	0
	2022	1
	2023	0
PA	2021	0
	2022	0
	2023	0
SC	2021	0
	2022	1
	2023	0
TN	2021	0
	2022	2
	2023	0
TX	2021	0
	2022	1
	2023	3
VA	2021	0
	2022	1
	2023	1
WA	2021	0
	2022	0
	2023	0
WV	2021	1
	2022	0
	2023	0
WI	2021	0
	2022	1
	2023	0
<b>Totals</b>	2021	11
	2022	15
	2023	7

*[Remainder of Page Intentionally Left Blank]*

**Table No. 3**  
**Status of Franchised Outlets**  
**For Fiscal Years 2021 through 2023**

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
AK	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
AL	2021	15	0	1	0	0	0	14
	2022	14	0	0	0	0	0	14
	2023	14	0	1	0	0	0	13
AR	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
AZ	2021	4	2	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
CA	2021	44	1	2	0	0	0	43
	2022	43	0	0	0	0	0	43
	2023	43	1	0	2	0	0	42
CO	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
CT	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
DE	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
FL	2021	22	1	0	0	0	0	23
	2022	23	0	0	0	0	0	23
	2023	23	1	0	0	0	0	24
GA	2021	17	1	0	0	0	0	18
	2022	18	0	0	0	0	1	17
	2023	17	0	0	1	0	0	16
HI	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
IA	2021	10	0	0	0	0	0	10
	2022	10	2	2	0	0	0	10
	2023	10	0	1	1	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
ID	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
IL	2021	10	1	0	0	0	0	11
	2022	11	1	0	0	0	1	11
	2023	11	0	0	0	0	0	11
IN	2021	11	0	0	0	0	0	11
	2022	11	1	1	0	0	0	11
	2023	11	0	0	0	0	0	11
KS	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
KY	2021	11	1	0	0	0	0	12
	2022	12	0	0	0	0	0	12
	2023	12	0	0	0	0	0	12
LA	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
	2023	4	0	0	0	0	0	4
MA	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
MD	2021	12	0	0	0	0	0	12
	2022	12	0	1	0	0	0	11
	2023	11	0	0	0	0	0	11
ME	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
MI	2021	15	2	0	0	0	0	17
	2022	17	0	1	0	0	0	16
	2023	16	0	1	1	0	0	14
MN	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
MO	2021	13	0	0	0	0	0	13
	2022	13	0	0	0	0	0	13
	2023	13	0	0	0	0	0	13
MS	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	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
MT	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
NC	2021	12	0	2	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
ND	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
NE	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
NH	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	1	7
	2023	7	0	0	0	0	0	7
NJ	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
NM	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NV	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
NY	2021	10	0	0	0	0	0	10
	2022	10	1	0	0	0	1	10
	2023	10	1	0	1	0	0	10
OH	2021	16	0	0	0	0	0	16
	2022	16	1	1	0	0	0	16
	2023	16	0	0	0	0	0	16
OK	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
OR	2021	8	0	1	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
PA	2021	17	0	0	0	0	0	17
	2022	17	0	0	0	0	0	17
	2023	17	0	0	2	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
RI	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
SC	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
SD	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
TN	2021	11	0	1	0	0	0	10
	2022	10	1	0	0	0	0	11
	2023	11	0	0	0	0	0	11
TX	2021	39	1	2	0	0	0	38
	2022	38	1	3	0	0	0	36
	2023	36	1	2	0	0	0	35
UT	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
VA	2021	17	0	0	0	0	0	17
	2022	17	0	2	0	0	0	15
	2023	15	0	2	1	0	0	12
WA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
WI	2021	16	0	0	0	0	0	16
	2022	16	0	1	0	0	2	13
	2023	13	0	0	0	0	0	13
WV	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
WY	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
TOTALS	2021	443	13	10	0	0	0	446
	2022	446	9	13	0	0	9	433
	2023	433	4	7	10	0	0	420

*[Remainder of Page Intentionally Left Blank]*

**Table No. 4**  
**Status of Company-Owned Outlets\***  
**For Years 2021 through 2023**

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
MI	2021	2	0	0	0	2	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	2	0	0	0	2	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

\* The Company-Owned Stores were owned and operated by our affiliate, LX Retail LLC. The 2 Company-Owned Stores disclosed at the end of Year 2020/start of Year 2021 were sold to franchisees, and we no longer have any Company-Owned Stores.

**Table No. 5**  
**Projected Openings as of September 30, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company - Owned Outlet in the Next Fiscal Year
AK	0	0	0
AL	0	1	0
AR	0	1	0
AZ	0	2	0
CA	0	0	0
CO	0	0	0
CT	0	0	0
FL	4	2	0
GA	1	1	0
HI	0	0	0
IL	1	1	0
IN	1	2	0

*[Remainder of Page Intentionally Left Blank]*

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company - Owned Outlet in the Next Fiscal Year
IA	0	1	0
KS	0	0	0
KY	0	0	0
LA	0	0	0
MA	0	0	0
MD	0	2	0
ME	0	0	0
MI	1	1	0
MN	0	1	0
MS	0	0	0
MT	0	0	0
NC	0	2	0
NE	0	0	0
NJ	0	0	0
NM	1	0	0
NY	0	2	0
OH	0	0	0
OK	0	0	0
OR	0	1	0
PA	0	3	0
RI	0	0	0
SC	1	1	0
TN	0	0	0
TX	1	4	0
UT	0	0	0
VT	0	0	0
VA	0	0	0
WA	0	1	0
WI	1	1	0
WV	0	0	0
WY	0	0	0
<b>Total</b>	12	30	0

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.

The following independent franchisee organization has asked to be included in this Disclosure Document: IALXF, an Independent Association of Line-X® Franchisees, a Chapter of the American Association of Franchisees & Dealers, PO Box 10158 Palm Desert, CA 92255-1058, Phone: 619-209-3775, Fax: 866-855-1988, Email: IALXF@aafdchapters.org.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as **Exhibit C** are our audited financial statements for the year ended September 30, 2023, the year ended September 30, 2022, and the year ended September 30, 2021.

## **ITEM 22 CONTRACTS**

The following agreements are attached to this Disclosure Document:

<b>Exhibit B-1</b>	Franchise Agreement (with Exhibits)
<b>Exhibit B-2</b>	Legacy Franchisee Incentive Addendum to Franchise Agreement
<b>Exhibit B-3</b>	Multi-Unit Operator Addendum to Franchise Agreement
<b>Exhibit B-4</b>	Co-Branding Addendum to Franchise Agreement
<b>Exhibit B-5</b>	Forbearance Agreement
<b>Exhibit B-6</b>	Lease Addendum to Franchise Agreement
<b>Exhibit D</b>	Statement of Prospective Franchisee
<b>Exhibit F</b>	Sample General Release of All Claims
<b>Exhibit J</b>	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.

*[Remainder of Page Intentionally Left Blank]*

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

---

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

CALIFORNIA  
(State Agency)  
Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and  
Innovation  
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

(Agent for Service of Process)  
Department of Financial Protection and  
Innovation  
320 W. 4th Street, Suite 750  
Los Angeles, California 90013  
Tel: (850) 245-1000  
Fax: (850) 245-1001

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

FLORIDA  
(State Agency)  
Department of Agriculture & Consumer Services  
Division of Consumer Services  
P.O. Box 6700  
Tallahassee, Florida 32314  
Tel: (850) 488-2221  
Fax: (850) 410-3804

(Agent for Service of Process)  
Florida Department of Agriculture and Consumer  
Services  
Office of General Counsel  
407 S. Calhoun Street  
Tallahassee, Florida 32399-0800

HAWAII  
(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

(Agent 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

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

(Agent for Service of Process)  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706

INDIANA  
(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

(Agent for Service of Process)  
Indiana Secretary of State  
200 W. Washington Street, Suite 201  
State House  
Indianapolis, Indiana 46204  
Tel: (317) 232-6531

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](mailto:iowasec@iid.state.ia.us)

MARYLAND  
(State Agency)  
Office of the Attorney General  
Division of Securities

200 St. Paul Place  
Baltimore, Maryland 21202  
Tel: (410) 576-6360

(Agent for Service of Process)  
Maryland Securities Commissioner  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202

MICHIGAN  
(State Agency)  
Michigan Department of the Attorney General  
Consumer Protection Division  
Franchise Section  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa  
Lansing, Michigan 48909  
Tel: (517) 373-7117

(Agent for Service of Process)  
Michigan Department of Labor and  
Economic Growth Commercial Services Bureau  
611 West Ottawa Street  
Lansing, Michigan 48909

MINNESOTA  
(State Agency)  
Commissioner of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
Tel: (651) 296-4026

(Agent for Service of Process)  
Commissioner of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
Tel: (651) 296-4026

NEBRASKA  
(State Agency)  
Nebraska Bureau Securities  
Department of Banking & Finance  
1200 N. Street, Suite 311  
P.O. Box 95006  
Lincoln, Nebraska 68509  
Tel: (402) 471-3445

(No Requirement for Service of Process)

NEW YORK  
(State Agency)  
NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005

Tel: (212) 416-8236

(Agent for Service of Process)  
Secretary of State of the State of New York  
One Commerce Commissioner of Commerce  
99 Washington Avenue  
Albany, New York 12231

NORTH DAKOTA  
(State Agency)  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fifth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510  
Tel: (701) 328-4712

(Agent for Service of Process)  
North Dakota Securities Department  
Office of the Securities Commissioner  
600 East Boulevard Avenue  
State Capitol, Fifth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510

OREGON  
(State Agency)  
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  
(State Agency)  
Securities Division  
State of Rhode Island  
Department of Business Regulation  
Building 69-1  
John O. Pastore Complex  
1511 Pontiac Avenue,  
Cranston, Rhode Island 02920  
Tel: (401) 462 9582

(Agent for Service of Process)  
Department of Business Regulation  
1511 Pontiac Avenue  
Building 69-1  
Cranston, Rhode Island 02920

SOUTH DAKOTA  
(State Agency)  
Department of Labor and Regulation  
Division of Securities – Securities Regulation  
124 S Euclid, Suite 104



Pierre, South Dakota 57501  
Tel: (605) 773-3563

(Agent for Service of Process)  
Director, Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501-3185

TEXAS  
(State Agency)  
Secretary of State  
1019 Brazos  
Austin, Texas 78701  
Tel: (512) 475-2815

(No Requirement for Service of Process)

UTAH  
(State Agency)  
Director, Division of Consumer Protection  
Utah Dept. of Commerce  
160 East 300 South  
SM Box 146704  
Salt Lake City, Utah 84114-6704  
Tel: (801) 530-6601  
Fax: (801) 530-6001

(No Requirement for Service of Process)

VIRGINIA  
(State Agency)  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor

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

Richmond, Virginia 23219  
Tel: (804) 371-9051

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

WASHINGTON  
(State Agency)  
Administrator  
Department of Financial Institutions  
Securities Division  
PO Box 9033  
Olympia, Washington 98501  
Tel: (360) 902-8760  
Fax: (360) 902-0524

(Agent for Service of Process)  
Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501

WISCONSIN  
(State Agency)  
Commissioner of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
Tel: (608) 266-2801

**EXHIBIT B-1 TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**FRANCHISE AGREEMENT  
AND EXHIBITS**

Franchise Agreement Number: \_\_\_\_\_

## LINE-X LLC Franchise Agreement

Commencement Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

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

Franchisee: \_\_\_\_\_

Accepted Premises: \_\_\_\_\_

\_\_\_\_\_

### 1. **THE SYSTEM.**

1.1 **The System.** We and our predecessors developed and own a system for establishing and operating businesses specializing in vehicle upfit services, including LINE-X's training programs, operational and image standards, Coating Products (as defined below), offering of Accessories (as defined below), and LINE-X's goodwill (the "**System**"). Vehicle upfit services are aftermarket vehicle accessories, enhancements, or improvements to existing vehicles (the "**Vehicle Upfit Services**"), including the provision of a set of core services and products specified in LINE-X's Confidential Operations Manual (the "**Core Services**") such as the sale and application of LINE-X® brand spray-on coatings (the "**Coating Products**") and the sale and installation of LINE-X BRANDED PRODUCTS and other vehicle accessories, products, and services (the "**Accessories**") and the provision of optional services and products specified LINE-X's Confidential Operations Manual that you may elect to offer but are not required to do so (the "**Choice Services**").

1.2 **The Franchised Business.** The distinguishing characteristics of the System include, among other things, the goodwill associated with LINE-X, the LINE-X System, LINE-X BRANDED PRODUCTS, and LINE-X's trademarks, service marks, trade dress, commercial symbols and signs, logos, emblems, slogans, and other indicia of origin associated with LINE-X (collectively, the "**Marks**"); use and display of the LINE-X Marks; the procedures and techniques for marketing and selling Vehicle Upfit Services, including marketing and applying Coating Products and the marketing and sale of Accessories, including LINE-X BRANDED PRODUCTS; LINE-X's uniform operating methods, procedures and techniques, including methods and techniques for store operations, inventory, installation, cost controls, record keeping and reporting, purchasing, sales promotion, marketing and advertising, all of which may be changed, improved, and further developed by us from time to time and set forth in LINE-X's Confidential Operations Manual (the "**Manual**"); and LINE-X's franchisee training program. We call this the "**Franchised Business.**"

1.3 **LINE-X Products and Designated Equipment.** As an integral part of the Franchised Business, we or an affiliate of ours will sell you select products and other chemicals, which are the core ingredients of the Coating Products. Our training specified and required equipment ("**Designated Equipment**"), and the System are designed around our Core Services menu, which includes our select products, such as the Coating Products and LINE-X BRANDED PRODUCTS (collectively, the "**LINE-X Products**"). You are required to purchase Designated Equipment and LINE-X Products only from suppliers or distributors that we designate. Those approved suppliers and distributors may include us, our parents, subsidiaries, and/or affiliates (the "**Franchisor-Related Parties**") and you acknowledge and agree that we or the Franchisor-Related Parties will receive revenue and profit, as well as other material benefits from the

sale of Designated Equipment and LINE-X Products to you. You agree that if you purchase or use other non-approved products in connection with the Franchised Business, you will tarnish the LINE-X Marks, you will irreparably harm the goodwill associated with LINE-X, the LINE-X System, and the Marks, you will cause customer confusion, you will defeat the economic purpose of this Agreement, and you will be in breach of this Agreement. We may terminate this Agreement pursuant to its obligations, terms, and conditions if you purchase anything other than approved products without our prior written permission.

1.4 **Ownership of the System.** We own the rights to the System, the LINE-X Products, the LINE-X Marks, and the goodwill associated with LINE-X, the System, the LINE-X Products, and the LINE-X Marks and may license you the right to use parts or all of the System, LINE-X Products, and LINE-X Marks, as well as the goodwill associated therewith, in the operation of your LINE-X Store under the terms and conditions set forth herein. Your license to use parts or all of the System, LINE-X Products, and LINE-X Marks and the goodwill therein in the operation of your LINE-X Store is conditioned upon your compliance with the terms, conditions, and obligations set forth herein and in the Manual.

1.5 **Development of the System.** You agree that it is critical to you, us, and each franchisee for the System to evolve and be flexible to respond to commercial opportunities and challenges. An inability to change the System could adversely affect you, us, all LINE-X franchisees, and the System. Therefore, you agree and anticipate that we will change the Manual and the System, including the required Core Services, from time to time, in our Business Judgment (as that term is defined in Section 17.6 below) which may result in additional cost to you. You agree to comply with the Manual and the System as they are changed by us.

## **2. AWARD OF FRANCHISE.**

2.1 **Award.** Subject to and conditioned upon your compliance with the terms and conditions herein, LINE-X hereby grants you the non-exclusive right to operate a single LINE-X franchise (the “**LINE-X Store**”) at the address set forth on the first page of this Agreement (the “**Location**”) within the area set forth and defined in Exhibit 2.2 (the “**Territory**”). You agree not to relocate or change the Location of the LINE-X Store without LINE-X’s prior written consent, which it may grant or withhold in its Business Judgment.

2.2 **Term.** The commencement date of this Agreement is provided on the first page of this Agreement (the “**Commencement Date**”), as is the expiration date of this Agreement (the “**Expiration Date**”). The “**Term**” of this Agreement shall begin on the Commencement Date and end at 11:59 p.m. on the Expiration Date. You acknowledge and agree it is your expectation that you shall purchase all LINE-X Products from LINE-X and pay all amounts due under this Agreement beginning on the Commencement Date and through and including the Expiration Date.

A. If this Agreement is awarded in connection with a new franchise, the term of this Agreement is for ten (10) years commencing on the date 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 for:

1) a term that 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 ten (10) 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 then-current form of franchise agreement which may be materially different than the terms, conditions, and obligations 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 before the Expiration Date regarding a successor or renewal franchise and we fail to do so, this Agreement shall remain in effect on a month-to-month basis until we give the required notice, and the required notice period expires. 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 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 month-to-month 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. You agree in such instance that you will continue to comply with all terms, conditions, and obligations set forth in this Agreement and that the restrictions set forth in Section 7.2 do not begin until the date upon which you stop operating the LINE-X Store, using the Marks and/or System, or comply with the restrictive covenants set forth in this Agreement, whichever shall occur last.

E. Should no renewal or extension of the Term occur pursuant to the terms and conditions of this Agreement at the end of the Term, this Agreement, and any right provided to you herein for use of the System and operation of the Franchised Business, shall expire. Notwithstanding the foregoing, LINE-X may, in its sole and absolute discretion, permit you to continue operating the LINE-X Store in accordance with the terms, conditions, and obligations set forth in this Agreement on a month-to-month basis pursuant to a limited license. If we permit you to continue to operate the LINE-X Store pursuant to this Agreement after the Franchise and/or Term would otherwise end, then such limited license shall be granted and conditioned upon the following without prejudice to any of our other rights or remedies:

1) you shall continue to operate the LINE-X Store in accordance with the terms, conditions, and obligations of this Agreement, including compliance with the System as set forth in the Manual and payment of all fees due hereunder; and

2) either party may terminate the monthly license by giving the other party thirty (30) days' written notice, which may expire on any day after thirty (30) days. You agree in such instance that the restrictions set forth in Section 7.2 do not begin until the date upon which you stop operating the LINE-X Store and using or displaying the Marks and/or System and comply with the restrictions set forth in Section 7.2, whichever is later.

F. You shall not conduct a LINE-X Franchised Business, use or display the Marks, use the System, and/or distribute the LINE-X Products from any location other than the Location, 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 shall not conduct any activities from the Location 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. You agree to operate the LINE-X Store and exclusively purchase LINE-X Productions, including the Coating Products, solely from LINE-X or its approved supplier for the entire Term of this Agreement.

G. You expressly acknowledge and agree that your franchise and the license granted by this Agreement are not exclusive, and LINE-X, LINE-X's parents, subsidiaries, affiliates, franchisees, and licensees may compete with you for customers within and outside of your Territory. The Franchisor-Related Parties expressly reserve all other rights not expressly set forth in Section 2.1, and can (along with anyone we designate) directly or indirectly own and/or operate, and/or authorize others to:

1) own and/or operate any kind of business inside the Territory, except for a brick-and-mortar retail LINE-X Store, whether or not using the LINE-X Marks, System, Chemical Products, or LINE-X Products;

2) own and/or operate any kind of business outside of the Territory, including, without limitation, LINE-X Stores, whether or not using the LINE-X Marks and System, Chemical Products, or LINE-X Products;

3) sell LINE-X brand products and services (whether or not competitive or substantially similar to LINE-X Products) 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 via the Internet or via LINE-X's National Fleet Services Program performed by LINE-X or franchisees) other than a brick and mortar retail LINE-X Store located in the Territory;

4) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether using the LINE-X System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere, even those that may compete with you; and/or

5) acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive with you 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.

## **2.3 Territory.**

A. Subject to our rights as set forth in this Agreement and for the Term, we will not enter into a franchise agreement for another LINE-X Store nor open a LINE-X-owned LINE-X Store inside the Territory. Your Territory is defined by a map and/or a related set of identifiers such as zip codes, coordinates, street addresses, or area codes as set forth in Exhibit 2.2 to this Agreement.

B. The Territory is independently determined by us in our sole and absolute discretion 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;
- 5) Number of vehicle dealerships and new vehicle sales within the Territory;
- 6) Number of trucks registered within the Territory; and
- 7) 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 vehicles 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, whether licensed, franchised, or company-

owned, regardless of their location or proximity to the Location or whether 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 Parties may be involved, now or in the future.

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

E. Sometimes a LINE-X franchisee develops an account that 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 on how to apply the coatings. However, if you initiated this account, have serviced it for over one (1) year, and have sold product to them in the prior twelve (12) 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.

F. 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 the Franchisor-Related Parties (“**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.

G. You acknowledge and agree that LINE-X may, in its Business Judgment, modify, change, reconfigure, shrink, or enlarge your Territory in its Business Judgment as a condition of your renewal or successor process. You acknowledge and agree such Territory may be materially smaller or larger than the current Territory.

## **2.4 E-Commerce/Mail Order Business.**

Your use of the Internet, World Wide Web, social networking sites, any URLs (“Uniform Resource Locators”), websites, and other digital, electronic, virtual, or other means of marketing and distribution of goods and/or services are restricted by us. You cannot create or maintain any digital presence, internet site, whether through the World Wide Web, URL, or other method, social networking site, or other digital, electronic, or virtual method without obtaining our express written agreement, which we may grant, deny, or condition in our Business Judgment. You agree not to promote, offer or sell any products or services relating to your Franchised Business, or to use any of the Marks or System, through the Internet without our consent, which consent may be withheld for any reason or no reason. In connection with any such consent, we may establish such requirements as we deem appropriate, including (a) obtaining our prior written approval of any Internet domain name and home page addresses; (b) submission for our approval of all webpages and URLs, materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining our prior written approval of any modifications. Any website or webpage and any URLs shall be linked to the LINE-X website.

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

**3.1 Site Selection.** You will use your best efforts to identify, select, and secure a Location for a LINE-X Store in your Territory that meets LINE-X’s then-current site acceptance standards within six (6) months of the Commencement Date. You are solely responsible for the cost, expense, responsibility, due diligence, and liability for locating, obtaining, financing, developing, and completing construction of a site for the LINE-X Store that meets LINE-X’s then-current site acceptance standards. You shall submit to LINE-X all information, documents, and material required by LINE-X in the form LINE-X specifies, including, without limitation, population density, demographics, proximity to other LINE-X Stores, available parking, traffic flow, and entrance to and exit from the site (the “Site Selection Package”) for LINE-X’s confirmation that the Location meets LINE-X’s then-current site acceptance standards. You acknowledge and agree that

LINE-X's acceptance of a Location does not constitute, nor will such acceptance be deemed, an indication, judgment, representation, or warranty of the desirability or potential success of such Location nor a recommendation or endorsement of such location. We will deliver to you written acceptance or rejection of a proposed location within thirty (30) days after our receipt of all requested information from you regarding the proposed site. We will not unreasonably withhold our acceptance. 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 Parties, 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 Parties with regard to such matters. Your LINE-X Store shall be open for regular, continuous business within fifteen (15) 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 fifteen (15) months of the Effective Date of this Agreement, either we or you can terminate the Franchise Agreement. Upon such termination under these circumstances, we may partially refund the initial franchisee fee, less expenses we incur in providing site selection assistance to you and other expenses we incur. In no event will we return an amount more than Two Thousand Five Hundred Dollars (\$2,500). **LINE-X DOES NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE SUCCESS OR RESULTS WHICH YOU MAY OR WILL EXPERIENCE AT THE LOCATION. YOU ACCEPT AND ASSUME ALL RISK ASSOCIATED WITH ANY LOCATION REGARDLESS OF WHICH PARTY IDENTIFIES, LOCATES, OR SUGGESTS THE LOCATION.**

**3.2 Property Control.** You shall obtain and maintain continuous possessory interest to the premises for the Location either through ownership or a lease to the premises for the Location for not less than the Term (the "Location Agreement") before opening the LINE-X Store and for any renewal or successor term before the Expiration Date. You shall provide LINE-X with a copy of the Location Agreement without request before opening the LINE-X Store and Expiration Date, as relevant, as well as upon written request. You agree that any Location Agreement, including any lease, shall comply with LINE-X's then-current site acceptance policy, lease acceptance policy, and lease addendum. You shall execute LINE-X's then-current lease addendum with the Location's owner and LINE-X (the "Lease Addendum"). You guarantee, warrant, and represent that LINE-X shall have the right to receive an assignment of the possessory interest in the Location upon expiration or termination of this Agreement at LINE-X's election pursuant to the Lease Addendum. You may not assign, sublease, or transfer your possessory interest in the Location without LINE-X's prior written consent which it may grant, withhold, or condition in its sole and absolute discretion.

**3.3 LINE-X Design Standards.** You agree to comply with any standards, specifications, and other requirements that we may furnish you for design, decoration, layout, equipment, furniture, fixtures, signs, and other items for your LINE-X Store (the "**Design Standards**"). 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 Americans with Disabilities Act ("ADA") or similar state laws. We are not acting as a general contractor, construction manager, or otherwise providing construction advice. You shall hire your own licensed general contractor and architect to comply with applicable laws, including the ADA, as well as all local ordinances and codes. You are solely responsible for the build-out of the Location, including all fees, costs, and expenses. If we do not provide written Design Standards, you agree that the LINE-X Store will be designed and decorated consistent with our brand image standards, have appropriate signage, be clean, and have a safe, comfortable customer reception or waiting area.

**3.4 Equipment, Inventory, and LINE-X BRANDED PRODUCTS.** We will specify or approve and require you to use certain computer equipment, equipment, inventory, supplies, and marketing in the Franchised Business. You agree that you shall purchase all computer equipment, equipment, inventory, supplies, materials, and other products used in the Franchised Business or offered for sale at your LINE-X Store from approved or designated manufacturers, suppliers, distributors, resellers, and vendors identified and set forth in the Manual, which may include us or other Franchisor-Related Parties (collectively, "**Suppliers**"). You agree and will only use approved computer equipment, equipment, inventory, supplies, and marketing purchased from Suppliers in your Franchised Business. You further agree and will only offer



for sale approved programs, products, and services in the Franchised Business. We also designate and require you to provide and sell certain products and services in the Franchised Business, including our Core Services. We may negotiate marketing or other programs with suppliers and we may receive a rebate, revenue, profit, vendor contribution, allowance, other benefits, or charge an administrative fee, for any equipment, inventory, supplies, or marketing we specify, or any group purchasing or system-wide purchasing programs we develop or maintain for the benefit of the System or any individual franchisee or group of franchisees, and may realize such benefits as revenue, income, and profit to us or other Franchisor-Related Parties or use any such amounts we receive without restriction and for any purpose we deem appropriate, in our sole discretion. You shall comply with all terms, conditions, and obligations of all contracts and arrangements with vendors, suppliers, or other third parties as part of LINE-X's System. We require you to purchase all your LINE-X BRANDED PRODUCTS and other LINE-X Products through a web-based program operated by us and/or by a supplier approved by us. Before purchasing any of the LINE-X BRANDED PRODUCTS or other LINE-X Products from our approved supplier(s), you will be required to sign our standard form of "Franchise Data Release Authorization and Confidentiality Agreement."

**3.5 Products and Services.** Your Store shall offer for sale only those products and services authorized by LINE-X. You are required to offer Core Services. You may offer Choice Services (as defined below). You are required to and agree to use your best efforts to market and sell Core Services and Choice Services (should you choose to market and sell Choice Services). You are required to offer and sell Core Services and Choice Services (should you choose to market and sell Choice Services) in accordance with the procedures and specifications set forth in the Manual.

A. Core Services currently include the sale and installation of: spray-on bedliners; spray-on product on items other than bedliners (except overalls/full body sprays); premium/topcoat spraying; all truck gear; toppers; national account requirements; step bars and side rails; hitches; leveling kits; toolboxes; cargo management; bedslides; bumpers; winches; basic 12v work (e.g., single-relay wiring jobs; toppers); van upfit; ladder racks; headache racks; undercoating; tint; safety equipment; tonneau covers; wheels and tires; towing, hitches, HD towing, and load-leveling; and intakes and performance exhaust (bolt-on). LINE-X may update or change the required Core Services in the Manual (as defined in Section 1.1.B below) from time to time, in our Business Judgment (as defined in Section 17.6).

B. Choice Services means those products and services that you may elect to offer and sell as set forth in the Manual as modified from time to time but are not required to do so and currently include, for example, undercoating, tint, custom seat covers, vinyl wraps, paint protection film, ceramic coating, color bedliners, and Ultra.

**3.6 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, all Franchisor-Related Parties, and the System's suppliers, vendors, and other third-parties 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 shall be open for regular, continuous business within fifteen (15) months of the Effective Date of this Agreement.

**3.7 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; (iv) not adversely impact another franchisee; and (v) require that you (and each affiliate and owner of yours) sign a General Release in favor of us and all Franchisor-Related Parties.

**3.8 Computer System - Hardware and Software.**

A. We require you to purchase and use specific point-of-sale software, including shop management functions, communication and reference portals, and accompanying hardware ("**POS System**") which we develop, offer, designate, and/or approve. You are required to pay us the then-current ongoing monthly fee for the POS System, currently the amount of Six Hundred and 00/100 dollars (\$600.00)

per month. We reserve the right, in our sole and absolute discretion, to raise the POS System fee amount no more than ten percent (10%) in any given calendar year, with no more frequency than once per calendar year, with a ninety (90) day notice to you for such change. You agree we may designate a different approved POS System that may require you to pay more in monthly fees and/or purchase additional hardware or equipment during the Term. You shall have a computer with hardware and software that meets the minimum requirements to operate the POS and a business of the nature of the LINE-X Store. Such minimum requirements include internet access and capability, e-mail capability, and accounting functions. We also reserve the right to require you to update or upgrade any computer hardware or software, including the POS System, 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. You shall provide and we will have full and independent access to all computers and any other systems, including the POS System, and the information and data they contain relating to the operation of your Franchised Business during the Term and for up to five (5) years after the expiration or termination of the Term. There are no limitations on our right to access information and data. You agree that your compliance with these provisions, use of the POS System, and LINE-X's right to unfettered and independent access to the POS System is a material term and condition of this Agreement.

B. You are solely responsible for protecting your computer system from disruptions, internet access failures, Internet content failures, and cyber-attacks by hackers and other unauthorized intruders, and you waive any and all claims that you may have against us from the direct or indirect result of such disruptions, failures, or attacks.

C. You agree to take all reasonable and prudent steps necessary to ensure that your computer system and Customer Data (as defined below) is protected at all times from unauthorized access or use by a third party or misuse, damage, or destruction by any person.

D. You shall comply with all laws and regulations relating to privacy and data protection and shall comply with any privacy policies or data protection and breach response policies we periodically establish. You shall notify us immediately of any suspected data breach at or in connection with your LINE-X Store.

#### **4. TRAINING AND GUIDANCE.**

##### **4.1 Training.**

A. You, as Owner, shall 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 the training of additional and/or subsequent managers. 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 a portion of the Initial Franchise Fee, less expenses we incur in providing our training program to you and other expenses we incur, in an amount not to exceed Two Thousand Five Hundred Dollars (\$2,500).

B. The initial training program will be at a time and place, and for such period, as we specify in our Business Judgment. You will 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, as Owner, and your manager shall attend additional and/or refresher training programs, including national and regional conferences, conventions, and meetings and those relating to Core Services and Choice Services, as we may require, to correct, improve and/or enhance your operations. You shall pay us any reasonable fees we charge for additional training, plus your and your employees' travel and living expenses while adding such training.

D. You, as Owner, and your manager shall attend any required modified/refresher training upon the renewal of this Agreement, including training on Core Services and Choice Services, in our Business Judgment.

E. If warranted by government regulations, emergency guidelines, enforced quarantines, travel restrictions, a natural disaster, force majeure, or other event outside of our control, we reserve the right in our sole and absolute discretion to conduct any and all training, classes, courses, meetings, and conferences, virtually, online, telephonically, or otherwise, or to cancel or delay any and all such training, classes, courses, meetings, and conferences.

**4.2 Manuals.** As part of your training program, and during the term of the Franchise, we will provide you with access to a digital 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. Any required specifications, standards, and/or operating procedures exist to protect our interests in the System, the Marks, and goodwill, as well as to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to you. You recognize and agree that uniformity of image, standards, product offerings, and customer experience are critical elements of the Franchised Business. 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 material part of this Agreement and are incorporated herein by reference. You agree that the failure to comply with the specifications, standards, and operating procedures in the Manual is a material breach of this Agreement.

**4.3 Initial and Ongoing Assistance.** We may provide such initial and continuing advisory assistance in connection with the operation of your LINE-X Store as we deem appropriate in our Business Judgment. Such assistance may be provided, in our discretion, by our directives, in-person and virtual coaching, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters, manuals, or our websites. You shall meaningfully and actively participate in this assistance. We may provide consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention in our Business Judgment. We may make recommendations that we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with your legal requirements and obligations under any local or federal rule or regulation, 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 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 Suppliers. The rendering of any consultation, advice, assistance, consent, approval, or services by us, as set forth in this Agreement, does not constitute any assurance or guarantee that such consultation, advice, assistance, consent, approval, or services will result in any level of success of your business. Any services we provide or that are set forth in this Agreement may be provided by us and/or our representative(s) or designee(s). You acknowledge and agree that you independently own and operate your Franchised Business despite receiving our assistance from time to time.

## **5. MARKS AND GOODWILL.**

**5.1 Goodwill and Ownership of Marks.** You have a non-exclusive revocable license to use the Marks and LINE-X's goodwill, and only as expressly authorized by us under this Agreement and the Manual. We retain all rights in and to the Marks and goodwill. All right, title, and interest to any and all of the goodwill associated with the Marks and the System belongs exclusively to us. You will not obtain any goodwill in the Marks or System as a result of this Agreement, your operation of the Franchise, or for any

other reason. Any unauthorized use of the Marks, System, or goodwill is a breach of this Agreement. You agree that if you breach any obligation regarding the Marks or goodwill, we will have no adequate remedy at law, we will suffer irreparable harm, and we will be entitled to equitable relief. This Agreement applies to all goodwill and the Marks, including all trademarks, service marks, commercial symbols and signs, logos, emblems, slogans, or other indicia of origin that we may authorize you to use during the Term.

**5.2 Limitations and Use of Marks and Goodwill.** You will not use our goodwill in any form or manner not expressly authorized by us in advance and in writing. You will not use our name, any Mark, or modified version or derivative of a Mark, or any other mark or form of commercial identification confusingly similar to the Marks, as part of any business, legal entity, or trade name or in any other manner not expressly authorized by us in advance and in writing. Prior to adoption and/or use of any proposed corporate, limited liability company, and/or other entity name in conjunction with the Franchisee Business, such name is subject to approval by us in our Business Judgment. You agree you will not use the name "LINE-X" in your entity's names. You will 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, including in any communication to a third party whether in writing or posted online. You agree our Marks will always be the primary mark associated with and displayed by your Franchised Business. You will not use or display any Mark or our goodwill 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 will not engage in co-branding or use or display the Marks or goodwill in connection with any business or other co-branding without our written consent. You shall not establish a website, a URL, or any email account(s) using any domain name containing the Marks or any variation thereof without our written consent.

**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 or goodwill. 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. We retain the sole and exclusive right to initiate and control any settlement, litigation, or proceeding arising out of or related to the Marks and goodwill. You agree to execute any and all documents and render such assistance as LINE-X deems reasonably necessary to support any assertion or prosecution of any claim or defense made by LINE-X in any proceeding relating to any infringement.

**5.4 Development, Modification, Substitution, or Discontinuance of Marks.** You acknowledge and agree that LINE-X will continue to develop, modify, substitute, and/or discontinue the Marks. You agree to comply with any such development, modification, substitution, and/or discontinuation in accordance with the time period reasonably required by LINE-X at your sole cost and expense.

## **6. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.**

**6.1 Independent Business.** 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 any business that may be operated by us and that nothing in this Agreement shall create a fiduciary relationship between us or constitute either party as agent, legal representative, subsidiary, joint venturer, joint owner, partner, employee, general contractor, servant, or fiduciary of the other party for any purpose whatsoever. You will include notices of independent ownership on such forms, business cards, stationery, marketing, 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 and otherwise set and control the conditions of their employment. It is further specifically agreed that you are not an affiliate of ours and that neither you nor we shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party.

**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.

### **6.3 Responsibility, Indemnity, Etc.**

A. You will indemnify and hold us, and our current and former affiliates, parents, subsidiaries, and all of their owners, shareholders, members, officers, directors, employees, agents, accountants, and attorneys (individually and collectively, the “**Indemnified Parties**”) harmless from all fines, suits, proceedings, allegations, claims, demands, actions, losses, expenses, damages, costs, fees (including attorneys’ fees, related expenses, and interest) and/or any other loss or liability of any kind or nature, however arising, growing out of, or otherwise connected with and/or related to any act, conduct, error, and/or omission of yours (including but not limited to your ownership and/or management, selection, development, operation, or closing of your LINE-X Store and/or any transfer of any interest in this Agreement or your LINE-X Store) breach of this Agreement, and operation of you Franchised Business, regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnified Parties (collectively, the “**Claims**”). You agree to give us prompt notice of any event or Claims which you are aware for which indemnification is required. We will have the right to control all litigation, direct which counsel shall represent the Indemnified Parties, and defend and/or settle any Claims, against and/or including us and/or the Indemnified Parties, 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. This Section 6.3 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

B. Unless we give you a specific written warranty for a particular item or service, any goods and/or services provided by us, the Indemnified Parties, and/or any approved vendor or 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, you 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.

C. All reasonable expenses actually incurred by, or in the case of retainers, to be incurred by, the Franchisor-Related Parties in connection with any Claims shall be paid by you in advance of the final disposition of such Claims, if so requested by the Indemnified Parties, as incurred and within ten (10) days after the receipt by you of a statement or statements from the Indemnified Parties requesting such payment for incurred costs or fees, advance, or advances. The Indemnified Parties may submit such statements from time to time. The Indemnified Parties’ entitlement to such expenses shall include those incurred, or in the case of retainers, to be incurred, in connection with any Claims. Such statement or statements shall reasonably evidence the expenses incurred by, or in the case of retainers, to be incurred by, the Indemnified Parties in connection therewith, however, in no instance shall you receive or be entitled to statement or statements indicating or exposing attorney-client or attorney work product information.

D. You agree that the terms and conditions of this Article are not the Indemnified Parties exclusive remedy against you for such Claim or demand and the Indemnified Parties hereby specifically reserve all rights and remedies they may otherwise have available to them at law or in equity.

## **7. CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP.**

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

A. You acknowledge and agree LINE-X possesses and will continue to acquire, develop, and maintain certain data, information, knowledge, know-how, and best practices that are proprietary and/or exclusive to LINE-X relating to the development, method, and operation of LINE-X stores, including that data and information relating to the System or contained in the Manual such as training materials, site selection, development, construction specifications and standards, specifications and standards for furniture, fixture, and equipment, preparation methods, service techniques, product designs, product

formulas, pricing, discounts, supplier information and contract terms, operational standards, strategic plans, marketing plans and strategies, unit performance, store operating results and financial performance, and System sales results (the “**System information**”).

B. “**Confidential Information**” includes all System Information and all other 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, designs, formulas, and any other 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, you agree that we own and control all domain names and URLs relating to any and all LINE-X stores. You also agree that we own and control all rights, titles, and interests to information, lists, and data related to past, present, and future customers of your LINE-X Store and the LINE-X system of franchise locations (the “**Customer Data**”). Your only interest in any of this Confidential Information is the revocable license 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.

C. 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 and not to otherwise communicate, copy, disclose, disseminate, divulge, misappropriate, transfer, or use the Confidential Information; (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 (iv) to implement and follow all prescribed procedures for the prevention of unauthorized use or disclosure of the Confidential Information.

D. You acknowledge and agree that you and/or your employees may provide LINE-X with information relating to or improvements to the System. You acknowledge and agree that any information or improvements relating to the System by you and/or your employees are considered a part of the Confidential Information. You hereby agree, therefore, to assign all rights, titles, and interests to such improvements and information to LINE-X, and LINE-X shall be deemed to own such improvements or information and may sub-license or franchise such improvements or information. You agree and grant us the perpetual and unfettered right to use, and to authorize others to use, Customer, Data, all ideas, techniques, methods, and processes relating to your LINE-X Store, which are conceived or developed by you and/or your employees. You also agree to disclose all ideas, techniques, and other similar information relating to the Franchised Business that you and/or your employees conceive or develop, which we will have a perpetual right to use, and to authorize others to use, without further compensation or other obligation.

E. We grant you a temporary and revocable license to use Customer Data during the term of this Agreement provided you are in strict compliance with all of the terms and conditions of this Agreement. At the end of the term of this Agreement, you no longer may use Customer Data or have a license to use the Customer Data and you shall return all Customer Data to us and destroy any copy of the Customer Data you maintained during the Term.

## **7.2 Restrictive Covenants.**

A. In consideration of your inclusion in the System, LINE-X’s disclosure of its Confidential Information, license of the Marks and goodwill, initial and ongoing training, as well as other good and valuable consideration, you hereby agree that during the Term and for a period equal to two (2) years after the later of (i) the Term expires or is terminated, (ii) any sale, assignment, or transfer of this Agreement or the Franchised Business, (iii) the date upon which you stop operating the LINE-X Store, using the Marks and/or System, or (iv) comply with this Section 7.2 (the “Restricted Period”) 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 family member of any of the foregoing shall either directly or indirectly, work for, own, operate, develop,

engage in, advise, assist, consult, invest in, franchise, make loans to, or have any direct, indirect, or beneficial interest in any business that (1) offers or sells (a) Core Services or (b) any Choice Services which you offer from your Location in the last 12 months of your operation as a LINE-X store, (2) manufactures, distributes sells, or applies spray-on coating products that are similar to or competitive with the Coating Products you sold or applied from your Location in the last 12 months of your operation as a LINE-X Store, and/or (3) sells and/or installs Accessories similar to or competitive with those sold or installed by you during the last 12 months of your operation as a LINE-X Store at the Location, within the Territory, or within five (5) miles of any other LINE-X store that now exists or may open in the future. You acknowledge and agree that you may either know or easily determine the location of any existing or future LINE-X store by, among other things, reviewing LINE-X's website. You acknowledge, agree, warrant, and represent that you shall not assert or use as a defense any allegation, argument, claim, or defense that current or future LINE-X stores are not expressly set forth in this Agreement or that the location of any such current or future LINE-X store may change.

B. In consideration of your inclusion in the System, LINE-X's disclosure of its Confidential Information, license of the Marks and goodwill, initial and ongoing training, as well as other good and valuable consideration, you hereby agree that 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 shall during the Restricted Period either directly or indirectly solicit any person, firm, or company that has been a LINE-X customer or a customer at the Location during the last 12 months of your operation as a LINE-X Store (collectively, the "Customers"), 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 Parties/Entities).

C. You agree the covenants in Article 7 are fair and reasonable and will not impose any undue hardship on you because, among other reasons, you and your owners possess considerable other skills, experience, and education which afford you and your owners the opportunity to derive comparable earnings from other endeavors while complying with these restrictions.

D. You agree that your failure to strictly comply with the terms and conditions of Article 7 is a material breach of this Agreement that will cause LINE-X irreparable harm resulting from, among other things, injury to the goodwill associated with LINE-X and LINE-X's System and Marks. As a result, you hereby consent to the entry of an interim award, temporary restraining order, or other appropriate injunction prohibiting any conduct in violation of the terms of the restrictive covenants set forth herein. You further agree that it may be conclusively presumed that any violation of the terms of these restrictive covenants were accomplished by and through your wrongful use of LINE-X's Confidential Information, goodwill, or other business interests.

E. Should one or more provisions contained in this Agreement be held to be invalid, illegal, overbroad, or otherwise unenforceable in any respect, whether in whole or in part, then the Parties agree it is their intention that (i) the offending provision be modified and/or reduced in scope and term so that it is enforceable to the maximum extent permitted by applicable law; (ii) such invalidity, illegality, overbreadth, or unenforceability does not affect any other provision of this Agreement; and (iii) the provision at issue and this Agreement shall be construed as if such invalid, illegal, overbroad, or unenforceable provision was never contained herein. The Parties further acknowledge and agree that this provision specifically authorizes and does not prohibit the modification of the restrictive covenants set forth in this Agreement so that they are enforceable to the maximum extent permitted by law, whether such modification occurs pre-suit or during a legal proceeding, including any hearing on a motion seeking or objecting to an interim, award, temporary restraining order, or preliminary injunction, or any proceeding thereafter.

**8. INITIAL FRANCHISE FEE, GROSS REVENUES, ROYALTIES, PAYMENTS, OTHER FEES.**

**8.1. Initial Franchise Fee and Reduced Initial Franchise Fees.**

A. You shall pay an initial franchise fee of Forty Thousand Dollars (\$40,000) (the "Initial Franchise Fee") to us upon execution of this Agreement. You agree the Initial Franchise Fee is fully earned and non-refundable upon payment and is used, among other things, to offset LINE-X's costs and expenses relating to initial training, equipment (if applicable), maintenance of supplier relationships, inspection, testing and other quality control programs, design assistance, project management, marketing plan/toolkit, administrative costs associated with reviewing franchisee's application and qualifications, as well as LINE-X's other costs in helping Franchisee open the franchise. The fee is entirely nonrefundable, with the limited exceptions noted in Sections 3.1 and 4.1 of this Agreement. In our sole discretion, we may reduce this fee for special programs (for example, our "Veterans Program") or situations (for example, multi-unit development agreements, conversion of an existing coating business or small market areas).

B. 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 Twenty-Five Percent (25%) off the Initial Franchise Fee up to Ten Thousand Dollars (\$10,000). 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 that 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 shall be submitted to us before you sign the Franchise Agreement, and you shall maintain a majority interest in the partnership, corporation, or limited liability company for a minimum of three (3) consecutive years after executing this Agreement, or you will be required to pay us the initial savings of Ten Thousand Dollars (\$10,000).

**8.2 Gross Revenues, Royalty, Compliance Royalty, and Payments.**

A. The term "**Gross Revenues**" means all revenue resulting from all sales which include the provision and/or sale of Core Services and Choice Services offered at your Location (collectively, the "**Services**") arising from the operation of your Franchised Business. This includes all remuneration received from the offering and sale of Services, whether or not such sales have been approved or authorized by us and whether for cash, credit, gift, or barter and with no deductions or exclusions whatsoever (including for any third-party delivery services or processing fees); provided, however, that "Gross Revenue" shall not include any of the following: (i) service personnel tips; (ii) any products or services not included in the Services; and (iii) any sales taxes or other taxes collected by you for transmittal to the appropriate taxing authority. We reserve the right to modify the definition of "Gross Revenues" including those items exempted from the definition in our sole and absolute discretion. You agree to accurately record all Gross Revenues on the POS System, as well as allow LINE-X to access to such POS System or other computer software and systems in the manner, increments, and times LINE-X determines, in its sole and absolute discretion.

B. You shall pay LINE-X a royalty equal to six (6) percent of your Store's Gross Revenues for the prior week's operation ("**Royalty**"). You acknowledge and agree that you expect to pay Royalty to LINE-X on the interval determined by LINE-X, which is currently a weekly basis, through and including the Expiration Date or for ten (10) years from the Commencement Date, whichever is longer, and that this agreement is a material inducement for LINE-X to enter this Agreement.



C. 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 Six Percent (6%) on the revenue you generate from the use of any non-LINE-X coating product in Core Services or Choice Services that we have approved in advance in writing. You agree to make such request to use a non-LINE-X coating product at least sixty (60) days in advance of such proposed use. You agree your failure to make such request at least sixty (60) days in advance shall be deemed a failure to obtain LINE-X's consent subjecting such use to the Compliance Royalty set forth below. If you use and/or obtain equipment, products and/or services from any source other than the source we require without our written approval for any reason, we may terminate this Agreement and/or require you to pay us a royalty of twelve percent (12%) of the Gross Revenues of your LINE-X Store during any period in which you are in violation of the provisions of this subsection (the "**Compliance Royalty**"). The Compliance 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. You acknowledge and agree that we are also entitled to enjoin any further breach of this provision in addition to collecting the Compliance Royalty. You further acknowledge and agree that your potential, threatened, or actual breach of this provision constitutes irreparable harm to LINE-X and the System.

D. You agree that you shall pay Royalty on the Tuesday following the prior concluded week, which runs from Sunday through Saturday, or as we shall otherwise require from time to time in our Business Judgment.

E. You shall pay Royalty and make all payments to LINE-X by the method specified by LINE-X in its Business Judgment, which currently is through ACH payment. You agree to execute all authorizations, consents, or documents necessary to effectuate this obligation, including LINE-X's then-current form authorizing ACH payments or other electronic funds transfer agreements. You shall provide LINE-X with not less than forty-five (45) days' written notice before changing banking institutions or accounts and will execute all authorizations, consents, or documents required by LINE-X before such change is approved.

F. You agree we may apply any payment received from you in our sole and absolute discretion without regard for any designation or instruction from you to your account, whether for this LINE-X Store or any other you may own or operate. You further agree we may offset any amount owed to you by us against amounts you then currently or we reasonably anticipate that you will owe to LINE-X at the time of LINE-X's obligation to you or thereafter for this LINE-X Store or any other you may own or operate. You shall not withhold, retain, deduct, credit, and/or offset any amounts which may be owed or claimed owed by LINE-X or any Franchisor-Related Parties against any amounts due from you to us.

G. Unless otherwise set forth in this Agreement, all other contributions, fees, payments, or other amounts due from you to LINE-X, including Contribution Royalty, are due and payable upon demand or receipt of any billing statement or invoice issued by LINE-X.

H. You agree that LINE-X will aggregate all amounts owed to LINE-X for this LINE-X Store or any other LINE-X Stores you may own and/or operate into one account designated by franchisee and not by store. You agree that LINE-X may apply or offset amounts owed to you for one location against any unpaid amount for another location.

**8.3 Interest, Late Fees, and Incurred Costs.** On all amounts you owe us and/or our Franchisor-Related Parties, 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. Such amounts shall be due beginning the first day after the amount you owe us is due. 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 in advance and by cashier's check or other form of immediate payment. 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 bank debit or transfer or electronic funds transfer, such as ACH processing, we may charge you for the additional fees and costs that we incur plus an administrative fee in the amount we designate.

**8.4 Fees for Customer Complaints, Poor Reports and Audits.** We may charge you for our costs of 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 of inspecting or auditing your store.

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

### **9.1 System Compliance, Regular Upgrading, National Fleet Services Program.**

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) and image standards. You will not use any equipment or other items, or offer or sell any products or services, not approved by us in writing.

B. You will maintain your LINE-X Store at your expense according to all then-current standards for new units and promptly undertake all changes required by us from time to time in our Business Judgment, and as outlined in the Manual. Your failure to do so is a material breach of this Agreement. 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 acknowledge and agree that we generate income and profit from the sale of LINE-X Products to you. You and we have agreed on your commitment to purchase only approved LINE-X Products and Designated Equipment from us, Franchisor-Related Parties, or Suppliers.

D. LINE-X has developed, and LINE-X manages and controls, a national accounts program with various fleet and commercial accounts in LINE-X's National Fleet Services Program (the "Program"). Under the Program, qualified Franchisee LINE-X Store(s) that meet LINE-X's then-current standards and criteria will voluntarily request to participate and be selected by us in our sole and absolute discretion after criteria review, to provide selected fleet services to LINE-X's fleet and commercial accounts. At LINE-X's option and pursuant to the Program participation and form entered between LINE-X and Franchisee, all services provided by Franchisee under the Program will be centrally billed through LINE-X. You acknowledge and agree we generate income and profit as a result of our effort to create, develop, administer, and grow the Program, including the sales generated by it.

E. You agree to participate in all programs and initiatives required by LINE-X, including all coaching programs and marketing and advertising programs such as call and lead tracking.

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

A. Unless you obtain our prior written consent, which we may grant or withhold in our Business Judgment, you shall only purchase, use, and/or sell equipment, supplies, materials, and other products for use in your Franchised Business solely from Suppliers, and not thereafter disapproved. You acknowledge and agree that we may approve or disapprove of Suppliers in our Business Judgment.

B. We may designate a single or multiple Suppliers for any given item, product, or service and may concentrate purchases with one or more Suppliers in our Business Judgment and in our interest. Such Suppliers may include, and may be limited to us, a Franchisor-Related Party, 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 not authorized by us. Failing to do so is a material breach of this Agreement.

C. 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 ninety (90) days of our receipt of all requested information from you.

D. We can and do require that various Designated Equipment, LINE-X Products, and other products, and/or services, only be supplied by us, Franchisor-Related Parties and/or a designee of ours. You acknowledge and agree that we and/or one or more Franchisor-Related Person/Entities may derive additional revenues, profits, and other material benefits as a result of your purchases of such Designated Equipment, LINE-X Products, and other products and services.

E. You acknowledge and agree that we or the Franchisor-Related Parties will receive rebates, volume discounts, vendor contributions, revenue, profit, as well as other material benefits from Suppliers as a result of the sale of Designated Equipment and other products and services to you.

## **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 at your sole expense. We make no representations or assurances as to what (if any) laws, rules, or regulations may apply or licenses, permits, or authorizations that may be required in connection with your LINE-X Store. It is your sole responsibility to identify and determine which laws, rules, and regulations apply and obtain all authorizations necessary for your operation. You will maintain high standards of honesty, integrity, fair dealing, and ethical conduct in your business activities as determined in our Business Judgment. You will notify us in writing within five (5) days of the commencement of any proceeding or of the issuance of any governmental order or action relating to you or your LINE-X Store.

B. 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 wages, 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. You shall not store, process, transmit or otherwise access or possess cardholder data in connection with the sale of products and services at your LINE-X Store. You shall comply with all credit card policies and applicable laws, as well as maintain the security of cardholder data and adhere to the then-current credit card security standards for the protection of all consumer and cardholder data throughout the Term and after expiration and termination of this Agreement, including the California Consumer Privacy Act and all similar or derivative laws. You are solely responsible for the security of cardholder data in your possession

or control and in the possession or control of any of your 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 the Payment Card Industry Data Security Standard ("PCI DSS") requirements as they may be revised and modified by the Payment Card Industry Security Standards Council (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or such successor or replacement organization and/or in accordance with other standards as Franchisor may specify, and the Fair and Accurate Credit Transactions Act ("FACTA"). In the event of a breach or intrusion of or otherwise unauthorized access to cardholder data, you shall immediately notify us in the manner required in the PCI DSS requirements and provide an approved third-party full access to conduct a thorough security review following a security intrusion. You shall also periodically upgrade your computer equipment, payment processing equipment and related software at your expense to maintain compliance with PCI DSS, FACTA, and all related laws and regulations. In the event of termination or expiration of this Agreement, you and your respective successors and permitted assigns shall ensure compliance with PCI DSS requirements even after expiration or termination of this Agreement.

#### **9.4     Management and Personnel.**

A.     Your LINE-X Store shall be personally managed on a full-time basis by a person who has successfully completed training, as required by this Agreement (the "Designated Manager"). You shall provide us with all contact information for your Designated Manager. Your Designated Manager shall successfully complete our manager's training program (which may be provided at our then-current Franchise Support Center or other location as we designate) before beginning their duties at your LINE-X Store. You are responsible for all associated travel, living, incidental and other expenses you and your employees incur during training. We require that you personally manage your LINE-X Store during the first twelve (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. You shall take all reasonable protections to ensure your Designated Manager and employees protect and do not disclose, divulge, or use LINE-X's Confidential Information except in the course and scope of their employment duties for you.

B.     All employees you hire or employ at your LINE-X Store, including your Designated Manager, will be your employees and your employees alone, and you will not, for any purpose, deem them to be our employees or subject to our direct or indirect control, including 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 returns, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under this Agreement to train your supervisory or managerial personnel on the LINE-X System and 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. 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 laws. You shall make all necessary filings with and 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. You acknowledge and agree we are not a joint employer of your employees, and we are not vicariously liable for their or your acts or omissions.

## 9.5 Insurance.

A. You acknowledge that business risks are ever-changing and the appropriate insurance coverages and related coverage costs and premiums are changing with the risks. You further understand that the Franchisor has the right to change the coverage requirements, and you have the obligation to meet these changing requirements, throughout the Term. 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 shall: (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 shall 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:

### Required Coverage

### Minimum Limits of Coverage

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 .....	\$300,000.00 (limit)
(covers physical damage to customer vehicles)	

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

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

6) Cyber Liability Insurance with a minimum \$1,000,000.00 each occurrence and \$3,000,000.00 aggregate.

7) Such insurance as is 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 Location, or as may be required from time-to-time by us.

Although we do not currently require it, we strongly recommend that you consider carrying Pollution/Environmental Legal Liability Insurance with a minimum \$1,000,000 each Occurrence and a \$2,000,000.00 Aggregate, covering bodily injury, property and environmental damage including clean up, removal, containment, and treatment of pollutants, arising out of the Franchised Business operations.

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, on any renewal of such insurance while the Agreement is in effect, and on March 1<sup>st</sup> of each calendar year while this Agreement is in effect.

The certificate(s) will provide that:

1) for Commercial General Liability and Automobile Liability insurance, LINE-X LLC and the Franchisor-Related Parties (and its participating affiliates) are named as "additional insureds";

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

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

4) 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" shall 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 policies continuously during the term of this Agreement.

E. The insurance policies described above are minimum requirements and you may purchase and maintain additional insurance policies or insurance policies with greater coverage limits. Your failure to obtain or the lapse of any of the required insurance coverage is a material breach of this Agreement and shall be grounds for the immediate termination of this Agreement pursuant to Section 15.2, and you agree that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be your sole responsibility and that you will fully indemnify and hold us harmless from all such losses, claims and/or causes of action in accordance with the terms and conditions of Section 6.3 A-C. We shall have a security interest in all insurance proceeds to the extent you have any outstanding obligations to us.

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 in addition to a charge of ten percent (10%) as an administrative fee.

G. Your obligation to obtain and maintain the foregoing 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.

**9.6 Customers; Customer Data.** You acknowledge and agree that Customers of LINE-X Stores, including your LINE-X Store, and the goodwill associated with those customers belong to LINE-X. You agree that all data and other information you collect from customers and potential customers ("Customer Data") is exclusively owned by LINE-X. You are required to and shall provide LINE-X with all Customer Data upon LINE-X's request and as specified in the Manual. LINE-X hereby grants you a non-exclusive revocable license to use Customer Data in accordance with the terms and conditions set forth in the Manual for the sole purpose of operating and marketing your LINE-X Store, LINE-X Stores in general, and contributing to the goodwill associated with the Marks. You agree that you may not maintain, use, transfer, or sell Customer Data without LINE-X's prior written consent, which it may grant, withhold, or condition in its Business Judgment.

## **10. MARKETING.**

### **10.1 Marketing Fund and Marketing Fund Contribution.**

A. We have established an advertising, publicity, and marketing fund (the "**Marketing Fund**") to promote LINE-X Stores and the System. You shall pay a contribution to the Marketing Fund equal to two and one-half percent (2.5%) of your Gross Revenues on a weekly basis (the "**Marketing Fund Contribution**"). You acknowledge and agree that you expect to pay the Marketing Fund Contribution to LINE-X on a weekly basis for ten (10) years from the Commencement Date, and that this agreement is a material inducement for LINE-X to enter this Agreement.

B. You agree that you shall pay your Marketing Fund Contribution on the Tuesday following the prior concluded week, which runs from Sunday through Saturday, or as we shall otherwise require from time to time in our Business Judgment.

C. You agree we have the sole discretion over all matters relating to the Marketing Fund and all related matters. We may use the Marketing Fund without limitation and in our Business Judgment 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 of the Marketing Fund; legal fees incurred by or spent defending the Marketing Fund, brand/image campaigns; media; national, regional any combination of those levels in a digital or traditional advertising medium, and other marketing programs; activities to promote current and/or future LINE-X Stores and the LINE-X Marks, brand, and goodwill; agency and consulting services; research, any expenses approved by us or our designee and associated with franchisee advisory groups; and all or portions of the salaries, benefits, or expenses of people we employ or contract with 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); website development/operation and to pay internet, intranet, URL, 800 or similar number, and other charges, fees and/or expenses.

D. We and/or any Franchisor-Related Parties can provide goods, services, materials, etc. (including administrative services and/or "in-house marketing agency" services) and be compensated and/or reimbursed for the same by the Marketing Fund, provided that any such compensation shall 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.

E. 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, including all accounting and audit costs. 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 Marketing Fund aspect, whether imposed on us, the Marketing Fund, or any other related party, will be the sole responsibility of the Marketing Fund. All interest earned on monies contributed to, or held in, the Marketing Fund will be remitted to the Marketing Fund.

F. You acknowledge and agree that expenditures by the Marketing Fund will not be proportionate or equivalent to contributions to the Marketing Fund by you or the 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, and that we have no obligation to ensure that they do. You further acknowledge and agree that LINE-X may not spend contributions made to the Marketing Fund in the year in which those contributions are received and that such contributions may be carried forward into future years. You also acknowledge and agree that LINE-X may overspend the amount of the Marketing Fund based on anticipated future contributions.

G. You shall be in Good Standing to receive the benefits of programs and materials created by the Marketing Fund. 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 Local Marketing Activities.**

A. You are also required to spend at least two and one-half percent (2.5%) of your Gross Revenues each quarter on local marketing and promotion of your LINE-X Store. Upon our request, you will submit verification of your expenditures in a form prescribed by us in our Business Judgment.

B. Your marketing will be in good taste and conform to ethical and legal standards and our requirements as determined in our Business Judgment. Your marketing and use of the Marks in marketing may not be associated with disparaging or off-color content, pornography, vulgarities, unethical, immoral, illegal, or other unsuitable content. You shall submit samples of all proposed marketing 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 all of your marketing in our Business Judgment. You agree not to use any materials or programs disapproved by us.

C. You shall 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 shall approve any form of co-branding, or marketing with other brands, products, or services, in writing, in advance in our Business Judgment.

D. You shall confine all marketing efforts, including 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 marketing 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 marketing, 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. LINE-X 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 shall join and actively participate. Each Store will be entitled to one (1) vote, but in order to vote franchised Stores shall be in Good Standing. You may be required to contribute such amounts as are determined from time to time by such Co-Ops.

**10.4 Social Media Activities.** "**Social Media**" means the network of platforms, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn, Instagram, and Twitter), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Angie's List), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, you shall strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Manual or as otherwise communicated to you by us. Any use of social media by you pertaining to LINE-X or your LINE-X Store shall be in good taste and not linked to controversial, unethical, immoral, illegal, or inappropriate content or is considered defamatory or disparaging of LINE-X, the System, or other LINE-X franchisees in LINE-X's Business Judgment. We reserve the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the LINE-X Store on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to LINE-X or the LINE-X Store that does not comply with this Agreement or the Manual or is in poor taste, otherwise displays controversial, unethical, immoral, illegal, or inappropriate content, or is considered defamatory or disparaging of LINE-X, the System, or other LINE-X franchisees in LINE-X's Business Judgment.

**10.5 Grand Opening Marketing Fund.** You agree, at our election and in our Business Judgment, to spend at least five thousand dollars (\$5,000) on a marketing and promotional campaign related to the grand opening of your Franchised Business within the period of two (2) weeks before and six (6) weeks after the opening of your Location. You acknowledge and agree this marketing spend is in addition to any other amount due and owing for marketing the Location.

**10.6 Changes to Marketing Fund Contribution and Local Marketing.** You agree that LINE-X reserves the right to and you agree to permit LINE-X to change and increase the rate of the Marketing Fund Contribution and local marketing requirement, respectively, from two and one-half percent (2.5%) of your LINE-X Store's weekly Gross Revenues to five percent (5%) of your LINE-X's weekly Gross Revenues upon ninety (90) days prior written notice in its Business Judgment during the Term. LINE-X agrees that it shall not increase the rate of Marketing Fund Contribution and local marketing requirement by more than one percent (1%) annually.

## **11. RECORDS AND REPORTING.**

**11.1 Bookkeeping, Accounting and Records.** You shall maintain books and records, including records of purchases and sales, tax returns, and other records typical for a business of this type and size using LINE-X's POS System, bookkeeping software, and a specified and standardized chart of accounts. 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; records of complaints and warranty obligations; and such other data as we may from time to time require. You acknowledge and agree LINE-X will directly access the books, records,

and data contained in the POS System. In addition, you shall provide to us your books and records, the Customer Data, 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, upon our request.

**11.2 Reports, Financial Statements and Tax Returns.** You shall maintain and preserve for four (4) years or such period as may be required by law (whichever is greater) from the date of their preparation such financial information relating to the LINE-X Store as we may periodically require, including without limitation, your sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by us. You agree that your financial records shall be accurate and up to date at all times. You agree to promptly furnish any and all books and records, reports, and financial information, including tax records and returns, relating to your LINE-X Store and of each of your principal owners to us on request. You shall use a POS System and accounting software designated by us, and maintain your books, including expense line items, in the format designated by us.

**11.3 Survival.** The obligations of Article 11 shall survive the expiration and/or termination of this Agreement. You acknowledge and agree that you shall comply with the obligations of Article 11 for up to five (5) years after the expiration or termination of this Agreement.

## **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, business records, and related activities, locations, and items and record, photograph, or photocopy 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, during the Term and for a period equal to five (5) years thereafter to inspect and/or audit business records relating in any way to your LINE-X Store and/or the Franchised Business, as well as 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 prepared in connection with Franchised Business and those required by the Manual, including a chart of accounts, records of purchases, including dates, quantities, item description, seller, and buyer, income statements, sales and income tax records and returns, cash register tapes, invoices, purchase orders, and deposit receipts. Our right to audit includes the right to access all POS Systems, cash registers, computers, and other equipment by electronic means. You agree to cooperate fully and in good faith with such an audit. We will have the right to conduct an audit and/or review all documentation and information pertaining to the Store upon termination or expiration of this Agreement and for a period equal to five (5) years thereafter. You agree not to delete, destroy, or otherwise remove such documentation and information from the Store. You further agree that LINE-X shall have unimpeded and independent access to the business records. If an inspection or audit should reveal that (1) you understated, under reported, or failed to include any sales or revenue in your Gross Revenue, (2) any amount or payment to us was underpaid, or (3) any amount or payment was understated, underreported to us, or failed to include any sales or revenue, then you agree to immediately pay us the amount understated or under reported upon demand, in addition to interest from the date such amount was due until paid, at the rate of fifteen percent (15%) per annum or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement or under reporting of one percent (1%) or more of Gross Revenues for the period covered by such inspection or audit, then you agree to reimburse us for any and all costs and expenses in connection with the inspection or audit (including, without limitation, travel, lodging, and wage expenses and reasonable accounting and legal costs).

**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 including data contained in your POS System, for aggregate statistical purposes, such as in a blind listing or unit performance or 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.

**12.4 Material Obligation and Survival.** The obligations of Article 12 are a material inducement to LINE-X entering this Agreement and shall survive the expiration and/or termination of this Agreement. You acknowledge and agree that you shall comply with the obligations of Article 12 for up to five (5) years after the expiration or termination of this Agreement, and that your failure to comply is a material breach of this Agreement.

### **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. If we transfer this Agreement, only the transferee will have obligations to you and our obligations (and those of any of the Franchisor-Related Parties) will be extinguished. You specifically agree that we may be sold and/or we may sell or license 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 competitor 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 your owners. You acknowledge and agree that we granted this franchise to you based on our reliance upon the information set forth in your application, as well as your aptitude, attitude, business ability, character, financial capability, and reputation. Therefore, you shall not assign, convey, gift, hypothecate, pledge, mortgage, sell, transfer, or otherwise encumber (collectively, a “**Transfer**”) any or all of your interest in this franchise, the Agreement, your operating company if you are a business entity, the LINE-X Store, the Location, the Location Agreement, or substantially all of your assets without (i) LINE-X’s prior written consent, which LINE-X may grant, withhold, or condition in its Business Judgment; (ii) strictly complying with the conditions set forth herein and LINE-X’s then-current policies and procedures regarding Transfers; and (iii) providing LINE-X with ninety (90) days to determine whether it will exercise its right of first refusal. You agree any purported or attempted Transfer, by operation of law or otherwise, without LINE-X’s prior written consent is null and void. You agree we may place reasonable conditions on our approval of any transfer by you in our Business Judgment.

### **13.3 Conditions for Approval of Any Transfer.**

A. All of the following conditions shall be met prior to, or concurrently with, the effective date of any approved transfer. You shall provide us not less than one hundred twenty (120) days’ prior written notice of any proposed Transfer by you, as well as all reasonably requested data, information, agreements (including any fully executed purchase and sale agreements), documents, and materials relating to the

proposed Transfer and proposed transferee, including the identities and details of all anticipated direct or beneficial owners of the proposed transferee (the “**Transfer Request Material**”). You shall further provide us with ninety (90) days after our receipt of the completed Transfer Request Material and any additionally reasonably requested data, information, agreements, or documents by our (the “**Complete Transfer Request Material**”) to determine whether we will exercise our right of first refusal as provided herein. We may waive any condition in our Business Judgment.

1) You shall 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 shall expressly assume all obligations under all such agreements.

2) The transferee and its owners shall meet our then-current requirements for new franchisees, including but not limited to business experience, aptitude, an acceptable background check, and financial resources all to our satisfaction in our Business Judgment, and the transferee shall complete or agree to complete our training program for new franchisees.

3) You shall be current on all amounts owed to us or our affiliates. 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 shall be satisfied or assumed by the transferee.

5) Your LINE-X Store shall 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 warranted work performed by you.

7) The transferee shall, 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; and 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 shall 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,) shall sign a General Release in a form we require.

10) You shall provide customer and warranty information to the transferee, and the transferee shall 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.

12) You agree that your license to access and use Customer Data terminates without further rights to such Customer Data as of the transfer date. You also agree that you or we, at our option, will delete and destroy any originals or copies of the Customer Data in your possession, custody, or control.

B. You agree that you shall not sell, assign, hypothecate, or otherwise transfer your Franchised Business without our prior written consent and approval which we may withhold or condition

our consent to any transfer in our Business Judgment. You also agree that any attempt to do so or purported sale, assignment, hypothecation, or other transfer occurring without our prior written approval is void.

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 that 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 due to a disability you are not able to personally and 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.

**13.6 Right of First Refusal.** You agree that all Transfers are subject to our right of first refusal. If you or any of your direct or beneficial owners (i) wish to Transfer any or all of your or any of its direct or beneficial owners' interest in this franchise, the Agreement, franchisee, the Location, the Location Agreement, or substantially all of your assets or (ii) receive a bona fide offer to Transfer any or all of franchisee or any of your direct or beneficial owners' interest in this franchise, the Agreement, franchisee, the Location, the Location Agreement, or substantially all of your assets (13.6(i) and (ii) together, an "Offer"), then you shall provide us with written notice of any Offer or proposed Transfer by you, as well as all Complete Transfer Request Material.

A. You agree that LINE-X may reject and exclude any term, condition, or obligation of the Offer that includes any term, condition, or obligation not relating to the Franchised Business, this Agreement, the Location, the Location Agreement, or the assets relating to the Franchised Business in LINE-X's Business Judgment (the "**Excluded Property**"). Should an Offer contain Excluded Property, either LINE-X may adjust the purchase and sale terms, including price, in its Business Judgment removing the Excluded Property and a reasonable value associated therewith or LINE-X may request that you resubmit the Offer with adjusted purchase and sale terms and conditions, including price (the "Adjusted Terms").

B. LINE-X shall exercise its right of first refusal for an Offer by providing you with written notice of its election to exercise its right of first refusal within ninety (90) days of LINE-X's receipt of the Complete Transfer Request Material on substantially the same terms and conditions of the Offer provided less the Excluded Property and on the Adjusted Terms, if applicable. You also agree that LINE-X may substitute cash for any form of non-monetary compensation or payment plan set forth in the Offer with a discount to net present value for any deferred Payments and that the final transaction documents between OTB and the transferor shall be modified as necessary to contain all revised terms and conditions, including removing

the Excluded Property and including the Adjusted Terms, as well as the customary representations and warranties given by a seller of the relevant rights, title, and interest at issue.

C. If LINE-X elects to not to exercise its right of first refusal for an Offer (a “**Rejected Offer**”), then the final transaction contemplated by the Rejected Offer shall close within one hundred twenty (120) days after LINE-X received the Complete Transfer Request Material on the same terms and conditions set forth in the Rejected Offer. Should either (i) the terms of such Rejected Offer change or (ii) the transaction contemplated by the Rejected Offer not close within one hundred twenty (120) days after LINE-X received the Complete Transfer Request Material, then you agree to provide LINE-X with an additional right of first refusal during the thirty (30) day period immediately following (1) OTB’s receipt of notice of a change to the Rejected Offer or (2) the expiration of the one hundred twenty (120) day period on the terms of the original Offer or the modified terms, at LINE-X’s option.

D. Our decision not to exercise our right of first refusal for an Offer or a Rejected Offer shall not constitute a waiver of our right to subsequently exercise our right of first refusal for any change in Offer or later proposed Transfer or Offer.

## **14. FRANCHISE RENEWAL**

### **14.1 Eligibility for Renewal.**

A. If you are in material compliance with the terms and conditions of this Agreement throughout the Term, you may elect to renew the franchise for one additional term of ten (10) years subject to the terms and conditions of this Article 14 and your ability to meet all then-current successor terms and conditions, including potentially attending a training program. The successor franchise agreement you are required to enter at that time may materially differ from this Agreement in financial and other ways and terms, including terms and conditions that may be less favorable to you such as increased Royalty and Marketing Fund Contribution and/or a smaller Territory.

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 is considered 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 for any of the reasons set forth in Section 14.

### **14.2 Notice of Election.**

A. This Agreement does not automatically renew nor is any successor franchise automatically awarded. You shall 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 Term and your agreement to comply with all conditions required to obtain a successor franchise. The requirement to provide written notice is a material condition precedent to our decision of whether to grant a successor franchise agreement. You agree that your failure to comply with this obligation will result in LINE-X’s rejecting your request for a successor franchise or, possibly, or agreement to grant a successor franchise only on materially different terms, such as a different Territory or Royalty Program or amounts. Within ninety (90)

days after our receipt of the notice, we will acknowledge receipt of your notice and provide in writing:

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

2) our then-current requirements, specifications, and standards relating to the image, appearance, and equipment then-necessary to operate the Franchised Business as a LINE-X Store.

B. If you are subject to a Correction Process (as defined below) 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.** You agree that you shall meet or exceed all of the following conditions, together with the then-current standards applicable to successor franchisees, before we enter a successor franchise agreement:

A. You timely provide written notice of your election to seek a successor franchise in accordance with Section 14.2 above.

B. You (and each affiliate of yours) shall be in Good Standing.

C. Your LINE-X Store and its operations shall fully comply with all requirements, specifications, and standards then applicable for new LINE-X Stores and with the Manual.

D. You (and each affiliate of yours) shall be current on payment of all amounts owed to us and any Franchisor-Related Parties.

E. You execute 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 agreement as contemplated by this Agreement). You will not be required to pay the then-current initial franchise fee. We will not be required to provide you with any site location assistance, initial training program, or other “start-up” services in connection with the award of any successor franchise.

F. You and your LINE-X Store shall comply with our then-current qualification and training requirements.

G. You (and each owner and/or affiliate of yours) shall execute a General Release of all claims, except for any claims exclusively related to the successor franchise (where expressly so required by applicable law), on a form that meets our approval in our Business Judgment.

H. You shall pay a renewal fee equal to two thousand five hundred dollars (\$2,500.00) to us upon execution of the then-current form franchise agreement for the successor franchise.

**You agree that 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 not to obtain the successor franchise by you.**

## **15. TERMINATION OF THE FRANCHISE.**

**15.1 Defaults with No Right to Cure.** This Agreement will 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 or the Location for more than seven (7) consecutive calendar days;

C. make any material misrepresentation or omission in your application for the franchise, including failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses) or otherwise provide LINE-X with false or misleading books, records, documents, information, statements, representations, or warranties;

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, other LINE-X franchisees, us, the Marks, or our goodwill;

F. make, or attempt to make, an unauthorized Transfer or surrender control of your LINE-X Store without our prior written approval;

G. violate 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 eighteen (18) month period, whether or not resolved;

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;

J. make any unauthorized use or disclosure of any Confidential Information or use, duplicate, divulge, or disclose any portion of the Manual in violation of this Agreement;

K. violate any health, safety, or sanitation law, ordinance, or regulation and fail to immediately begin curing the noncompliance within three (3) days of receiving notice of such violation and do not completely cure such noncompliance within five (5) days of receiving notice;

L. commit an act or omission that results in a danger of compromises the safety of your employees, Customers, or the public;

M. lose the right of possession to the Location or fail to timely cure any default or breach of the Location Agreement; or

N. use, obtain, or sell designated equipment, products and/or services from any source other than the source we require without our prior written approval.

**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. If within ten (10) calendar days after delivery of our written notice of default to you, which period of time is subject to applicable state law, you (or any of your owners) do not cure any:



- 1) failure to maintain required insurance or provide evidence of such to us within ten (10) days of our request;
- 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 book, records, or report due under this Agreement;
- 4) failure to make payments of any amounts due us, any Franchisor-Related Parties, any designee of ours and/or any supplier/creditor of yours and do not correct such failure(s);
- 5) failure to have a trained, qualified spray technician at the Store;
- 6) failure to timely meet the Performance Standards (defined below) or otherwise implement and/or comply with the Performance Standards (defined below) as required by Section 15.5.
- 7) 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; or
- 8) 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.

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

B. If any default under Section 15.2.A cannot reasonably be corrected within the ten (10) day period, then you shall undertake diligent efforts within such ten (10) day period to come into full compliance. You shall 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 shall be fully cured within thirty (30) days after delivery of the initial written notice of default to you.

**15.3 Repeated Defaults.** This Agreement will 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 Parties) 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 Parties) 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 set forth in the Manual ("**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 "LINE-X Standards of Service" program that offers 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). You agree to cooperate and participate in those efforts, when requested, in good faith. 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 the purchase of at least one set of chemicals per month during the Term. You agree we may change the Minimum Purchase Standard in our Business Judgment at any time upon not less than ninety (90) days written notice. 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, you agree we can, at our election, (i) reduce the size of your Territory; (ii) terminate the exclusivity in your Territory and permit other franchisees to market in your Territory; (iii) award other franchises in your Territory; and/or (iv) terminate this Agreement. In any case, we reserve the right to add or discontinue 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. You agree LINE-X can change, increase or decrease the Minimum Purchase Standard at any time. You also agree LINE-X can expand in scope to cover more purchase categories or purchases from specific programs or Suppliers, at any time, in its Business Judgment.

D. We reserve the right to create, modify, revise, reduce, or increase Minimum Purchase and/or System Standards on ninety (90) days written 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 the Minimum Purchase Standards.

F. Correction Process

1) In addition to or in the alternative of our rights under this Article, we may notify you of your failure to meet any of the Performance Standards (a "**Correction Notice**"). If we do so, you agree to meet all applicable standards within thirty (30) days of the date we send our Correction Notice to you in accordance with Section 18 (the "**Correction Period**").

2) In our Business Judgment, we may assist you in your efforts to meet your performance requirements under the Performance Standards. You agree to cooperate in good faith with our efforts to assist you in such circumstances. Among other things, we can (i) require you and/or your manager to attend and successfully complete a re-training seminar at our Franchise Support Center, 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 shall successfully complete, with you to pay us a Five Hundred Dollar (\$500) per day re-training fee.

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 the Correction Period, your LINE-X Store does not meet the required Performance Standards set forth in the Correction Notice, then we can reduce, eliminate, or otherwise modify your territorial rights or proceed to default and terminate your franchise in accordance with Section 15.2.

H. Nothing in this Section is intended to limit or diminish in any way any rights or remedies provided us under this Agreement or any other agreement between the Parties or otherwise 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 or take other action, we (and any Franchisor-Related Parties) 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 Parties have the right, in addition to all other rights and remedies available, to require you to pre-pay and/or pay by electronic transfer, certified check, or other method we designate for any goods and/or services, including LINE-X Products, related to the operation of your Franchise Business if you or any party related to you (i) commits a default under this or any other agreement between the Parties, (ii) fails to timely pay us or any Franchisor-Related Party any amount owed as a result of the operation of this LINE-X Store or any other LINE-X store, or (iii) has an unpaid or past due balance to us or a Franchisor-Related Party for goods or services relating to the operation of this LINE-X Store or any other. We and any Franchisor-Related Parties also have the right to stop selling and/or providing any goods and/or services to you until you have cured all defaults under this Agreement or any other agreement between the Parties.

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

**16.1 Payments of All Amounts Owed, Etc.** You shall pay all amounts of any kind owed to us and/or any Franchisor-Related Parties in conjunction with the Transfer, termination, or expiration of the Franchise.

**16.2 Confidential Information, Marks, Goodwill Etc.** After any Transfer, termination, or expiration of the Franchise:

A. You agree to immediately and permanently discontinue your LINE-X Franchise Business and any use of the Marks, Confidential Information, Customer Data, and goodwill in any and all forms and on every and each platform. You further agree that you will not use any similar or derivative marks, materials, or colorable imitations of any of the Marks in any medium or manner or for any purpose;

B. You will, at our option and immediately upon our request, either return to us or destroy all Manuals, forms, materials, signage, and any other items containing the Marks, Confidential Information, or otherwise identifying or relating to a LINE-X Store to the extent they have not been assigned in connection with an authorized Transfer. You will immediately furnish and return all Customer Data to us;

C. You will immediately take such actions as may be required to cancel all fictitious or assumed names or equivalent registrations that contain or reference the Marks or the name "LINE-X" that have not been assigned in connection with an authorized Transfer;

D. You will remove from the Location any signage and physical and/or structural features associated with the LINE-X Store(s) so that the Location is 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 us within thirty (30) days satisfactory evidence of your compliance with the obligations described in Section 16.2 and in Section 16.3 below. If you operate any business using any of the 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, marketing 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.** 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/marketing, 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 termination or expiration of the Agreement, you will promptly transfer, call forward, discontinue, or otherwise manage the Numbers and any related directory listings/marketing as we direct at your 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/marketing if you do not do so yourself within ten (10) days after the termination or expiration of this Agreement. Such companies may accept this Agreement as conclusive evidence of our exclusive rights in such Numbers and related directory listings, web pages, and marketing. If we are required to pay any amounts owed by you to any telephone/communication services provider or other third party in connection with our exercising our rights under this Section or to obtain or exercise our 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, including all post-termination covenants in Article 7, post-termination obligations in Article 16, and obligations to maintain and keep books and records and submit to an audit in Articles 11 and 12.

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 and those that would reasonably be due if your performance continued for the ten (10) year period after the Commencement Date as required. Our remedies will include (but are not limited to) the right to accelerate the balances of any promissory notes owed, to receive any other unpaid amounts owed to us or any Franchisor-Related Parties, to collect any amounts that would have become due if you had continued in operation as a LINE-X Franchisee, including but not limited to our lost profits, and recovery of any other damages caused by your default and/or termination. You understand and agree it is your intention to purchase all required items from us, including Chemical Products and the POS System, and pay all amounts due, including Royalty and Marketing Fund Contributions, to us for the entire ten (10) year period after the Commencement Date, even if you do not operate your LINE-X Store for the entire period. 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 owed or 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 System, Marks, System, materials, supplies, goodwill, and anything else utilized in the creating or delivery of the Franchised Business 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 Parties.”

**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 between or involving you and any of your affiliates, on the one hand, and us and any of our affiliates, on the other hand, arising out of, related to, or referencing LINE-X’s franchise disclosure document, the sale of this franchise, this Agreement, the Franchised Business, you or our performance thereunder, or breach of the Agreement in any way, including, without limitation, any claim arising in contract or tort arising out of the relationship created by this Agreement, for equitable relief, or asserting that this Agreement is invalid, illegal, or void (“Claim”) shall 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 Commercial Arbitration Rules of the American Arbitration Association or its successor, except as set forth in Section 17.1.D below. 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 waive all rights to any court proceeding, except as expressly provided below in Section 17.1.D. Any dispute arising out of or in connection with this arbitration provision, including any question or objection regarding its existence, validity, scope, arbitrability of any claim or counterclaim, jurisdiction of the arbitrator, venue of arbitration, or termination shall be referred to and finally resolved solely by arbitration. The Parties agree that such arbitration proceeding shall permit and include appropriate discovery and exchange of information before a final hearing, including not less than initial disclosures then contemplated and provided for in the Federal Rules of Civil Procedure, ten (10) requests for admission, ten (10) interrogatories, thirty (30) requests for production, two (2) depositions not to exceed six (6) hours, third-party subpoenas for testimony and/or documents, and such additional and other discovery that an arbitrator determines is reasonably related to and proportionate to the claims and defenses in the arbitration.

B. Confidentiality: The parties to any arbitration will sign confidentiality agreements and direct the arbitrator to enter a protective order in the arbitration proceeding permitting parties to designate documents, material, testimony, and/or other evidence confidential and/or subject to review by attorneys-eyes only. Such confidentiality agreement and protective order shall be proportionate to the needs, claims, and defenses of the arbitration. However, the parties will be permitted to make public disclosures and filings as are required by law and will be permitted to speak to individuals reasonably necessary to prepare for arbitration, including but not limited to percipient witnesses and expert witnesses.

C. Fees and Costs: In the event of any arbitration or litigation (also including appeals, petitions for confirmation, modification, or vacation of an award) arising out of or relating to a Claim, this Agreement, the breach of this Agreement, or the relationship of the parties to this Agreement, the prevailing party will be reimbursed by the other party for all costs and expenses incurred in connection with such arbitration or litigation, including, without limitation, reasonable attorneys’ fees.

D. Disputes Not Subject to the Arbitration Process: Claims or disputes seeking (a) injunctive relief as to the validity or your use of the Marks and/or any intellectual property licensed to you; (b) injunctive relief for health and safety issues or violations; or (c) injunctive relief arising from the enforcement of this Agreement’s post-termination covenants and obligations set forth in Articles 7 and 15 may be submitted to a court as provided for in Section 17.2 below, provided that only the portion of any such claim or dispute requesting injunctive relief shall be subject to court action, and any portion of such claim or dispute seeking monetary damages or other relief will be exclusively subject to arbitration as set forth in Section 17.1.A.

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 Franchise Disclosure Document required by a state as a condition to registration or for some other purpose:

1) all issues relating 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, and choice of laws;

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 or jury 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;

5) in the Claim Process, you and we agree that each may bring claims against the other only in your or our individual capacity and not as a plaintiff or member of any class or representative action or any multiple plaintiff or consolidated proceeding. Unless both you and we agree, no arbitrator may consolidate more than one person's claims or otherwise preside over any form of representative, class, multiple plaintiff, or consolidated proceeding for discovery, final hearing, or otherwise; and

8) 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 described in Section 17.1.D will be brought, at our option, in the state or federal court in whose jurisdiction (1) our then-current headquarters is located or (2) your LINE-X Store 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, litigation, 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 in our sole and absolute discretion. 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 shall 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 Lanham Act (15 U.S.C. §1051 et seq.) 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 the state in which our headquarters is located; 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 the state of our headquarters 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 Parties 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 Parties will be joint and several.

## **18. NOTICES.**

All written notices and reports to be delivered by the provisions of this Agreement or the Manual will be deemed so delivered when delivered (i) by hand, (ii) immediately on transmission by facsimile or other electronic system, including electronic mail or any similar means, (iii) one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or (iv) 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 LLC at our then-current headquarters to the attention of the CEO or 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. FORCE MAJEURE.**

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to Force Majeure or other causes beyond the reasonable control of the parties that materially affects a party's ability to perform. In this Agreement, the term "**Force Majeure**" shall include any of the following: (i) casualty or condemnation; (ii) storm, earthquake, hurricane, tornado, flood or other act of God; (iii) war, insurrection, federal or state government-mandated restrictions, civil commotion, or act of terrorism; (iv) strikes or lockouts; (v) embargoes; (vi) lack of water, materials, power or telephone transmissions specified or reasonably necessary in connection with the production, storage, shipment, or sale of goods and services; or (vii) failure of any applicable governmental authority to issue any approvals, or the suspension, termination or revocation of any material approvals, required for the production, storage, shipment, or sale of goods or services. Any time period for the performance of an obligation shall be extended for the amount of time of the delay. The party whose performance is affected by any of such causes shall give prompt written notice of the circumstances of such event to the other party, but in no event more than five (5) days after the commencement of such event. The notice shall describe the nature of the event and an estimate as to its duration. This clause shall neither apply nor result in an extension of the Term of this Agreement.

## **20. MISCELLANEOUS.**

20.1 **No Fiduciary Relationship.** 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 arm's length dealings.

20.2 **Merger and Integration.** 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 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. Neither you nor we believe it to be fair or reasonable for the other party to have to address or respond to 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.

20.3 **Electronic Records.** You acknowledge and agree that we may elect to keep only electronic copies of any and all documents and records pertaining to the Franchised Business, the System,



and the franchise relationship between the parties. Each such electronic record will accurately reflect the information in the document and will remain accessible to all persons entitled by law to access the information for the period of time required by law. The electronic record will be in a form capable of being accurately reproduced for later reference if necessary.

20.4 **Construction.** All captions in this Agreement are for the Parties' convenience and are not intended, nor shall be deemed, to affect the meaning or construction of any term, condition, or obligation herein.

20.5 **Waiver.** No delay, waiver, omission, or forbearance by us to exercise any right, option, duty, or power arising out of any breach or default by you under this Agreement shall constitute a waiver by us to enforce any such right, option, duty, or power as against you, or as to any subsequent breach or default. Subsequent acceptance by us of any payments due hereunder shall not be deemed to be a waiver by us of any preceding breach of any terms, provisions, covenants, or conditions of this Agreement.

20.6 **Professional Advice.** The Parties acknowledge and agree that they have had the opportunity to consult with legal counsel and financial advisors of their choosing before entering this Agreement. The Parties specifically acknowledge and agree that they are aware of and understand the business and legal risks associated with entering this Agreement, and that they, with knowledge of the risks, freely entered this Agreement.

20.7 **Variance of Terms and System Standards.** You acknowledge and agree that we may grant other franchisees different rights at different times pursuant to franchise agreements that may substantially differ from this Agreement or your other franchise agreements. You further acknowledge and agree that we reserve the right to vary the System and other standards, specifications, policies, and procedures in addition to the terms and conditions of franchise agreements in our sole and absolute discretion.

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 us.

**FRANCHISOR:**

**LINE-X LLC**

a Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE (Individual):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**[SIGNATURE BLOCK CONTINUED ON FOLLOWING 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 LLC**  
**Exhibit 1 to Franchise Agreement**

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

In consideration of, and as an inducement to, the execution by LINE-X LLC, a Delaware 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 Parties (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 Parties 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 Parties 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 Parties, 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 Parties 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)  
(Name and mailing address)

PERCENTAGE OF OWNERSHIP  
OF BUSINESS ENTITY FRANCHISEE

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

Business Entity Franchisee:

\_\_\_\_\_, a \_\_\_\_\_ corporation.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

**LINE-X LLC**  
**Exhibit 2.1 to Franchise Agreement**

**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 LLC  
A Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**LINE-X LLC**  
**Exhibit 2.2 to Franchise Agreement**

**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 LLC  
A Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**EXHIBIT B-2 TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**LEGACY FRANCHISEE INCENTIVE ADDENDUM  
TO FRANCHISE AGREEMENT**

## LEGACY FRANCHISEE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT

**THIS EXISTING FRANCHISEE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT** (this “Addendum”) is entered into this [DAY] day of [MONTH], [YEAR] by and between **LINE-X, LLC**, a Delaware limited liability company (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and [FRANCHISEE PARTY COMPANY NAME] (“**Franchisee**,” “**you**,” or “**your**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

### **RECITALS**

**WHEREAS**, Franchisee is an existing LINE-X Franchisee that is either in good standing or will be by complying with the terms and conditions of this Addendum (“Qualified Franchisees”).

**WHEREAS**, Franchisee is a Qualified Franchisee operating a LINE-X store located at [INSERT ADDRESS] (the “Store”).

**WHEREAS**, Franchisee desires to qualify for and receive the benefits of LINE-X’s Legacy Franchisee Program (the “Program”) wherein LINE-X agrees to waive royalties and marketing fund contributions during the first two (2) years of Franchisee’s Franchise Agreement entered contemporaneously herewith (the “Franchise Agreement”).

**WHEREAS**, the Parties hereby modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent and warrant, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are a current franchisee in good standing with us, including being in full compliance with all currently effective agreements with us or our affiliates; and (b) you will remain a franchisee in good standing, and comply with all currently effective agreements with us and the Franchisor-Related Parties, including the Franchise Agreement; and (c) you agree to operate Store in full compliance with operating requirements and procedures as listed in the Franchise Agreement and Manual. You further agree to complete, if any, those items set forth on Exhibit A hereto in the time period set forth therein we require to designate you a Qualified Franchisee in good standing.
3. **Term.** The Parties acknowledge and agree that Sections 2.2(A) and 2.2(B) are deleted in their entirety and replaced with the following:

“A. If this Agreement is awarded in connection with a new agreement for your current Location, the term of this Agreement is for five (5) years beginning on the date 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 for a term that begins on the date of this Agreement through the expiration date of the franchise agreement granted to the party from whom you acquired the franchise.”

All remaining sections of Franchise Agreement Section 2.2 remain unchanged and in full force and effect.

4. **Renewal.** You acknowledge and agree that the renewal provisions and eligibility for renewal and length of the renewal term, in addition to all other terms and conditions listed, remain unchanged as detailed in Article 14 of the Franchise Agreement. For the avoidance of doubt, as set forth in Section 14.1(A) of the Franchise Agreement, if you are in material compliance with the terms and conditions of the Franchise Agreement and this Addendum throughout the Term, you may elect to renew the franchise for one additional term of ten (10) years subject to the terms and conditions of Article 14 and your ability to meet all then-current successor terms and conditions. You further acknowledge and agree that the successor franchise agreement you are required to enter at that time may materially differ from this Addendum and the Franchise Agreement in financial and other ways and terms, including terms and conditions that may be less favorable to you such as increased Royalty and Marketing Fund Contribution and/or a smaller Territory.
5. **POS System.** You represent and warrant, and in connection with signing this Addendum, that you shall fully install and implement, including any hardware and software purchase at your cost associated with same, the specific point-of-sale software and accompanying hardware (“POS System”) which we develop, offer, designate, and/or approve as required in Section 3.7(A) of the Franchise Agreement and specified in the Manual. You agree that, should you remain in compliance with Paragraph 2 of this Addendum above, you will receive a monthly product credit for application to purchases of Chemical Products equal to three hundred and 00/100 (\$300.00) that you may apply in the month in which it is earned for the first twenty-four (24) months after the date of implementing the POS System at the Store.
6. **Royalty.** In consideration of your continued qualification for the Program under Section 2 hereof, Section 8.2(B) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“During years one (1) and (2) of the Term of this Agreement, there is no royalty due to LINE-X based on your Store’s Gross Revenues (the “**Royalty-Free Period**”). During the remaining Term of this Agreement, you shall pay LINE-X a royalty equal to six percent (6%) of your Store’s Gross Revenues on the sale and installation of spray-on bedliners, spray-on product on items other than bedliners (except overalls/full body sprays), and premium/topcoat spraying (“Bedliner Services”) and two percent (2%) of your Store’s Gross Revenues on all remaining Vehicle Upfit Services for the prior week’s operation (“**Royalty**”). You acknowledge and agree that you expect to pay Royalty to LINE-X on a weekly basis for the three (3) year period after the Royalty-Free Period expires, and that this agreement is a material inducement for LINE-X to enter this Agreement.”
7. **Marketing Fund and Marketing Fund Contribution.** In consideration of your continued qualification for the Program under Section 2 hereof, Section 10.1(A) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“We have established an advertising, publicity, and marketing fund (the “**Marketing Fund**”) to promote LINE-X Stores and the System. During the Royalty-Free Period of the Term,

there is no Marketing Fund contribution amount due from you to LINE-X associated with your operation of your Store. You acknowledge and agree that after the expiration of the Royalty-Free Period, you shall pay a contribution to the Marketing Fund equal to two and one-half percent (2.5%) of your Gross Revenues on a weekly basis (the “**Marketing Fund Contribution**”). You acknowledge and agree that you expect to pay the Marketing Fund Contribution to LINE-X on a weekly basis for the three (3) year period after the Royalty-Free Period expires, and that this agreement is a material inducement for LINE-X to enter this Agreement.”

8. **Products and Services.** In consideration of your continued qualification for the Program under Section 2 hereof, Section 3.4 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“Your Store shall offer for sale only those products and services authorized by LINE-X. During the Royalty-Free Period, you are not required to offer Core Services. You acknowledge and agree that you are required to offer Core Services immediately upon expiration of the Royalty-Free Period. You may offer Choice Services (as defined below). You are required to and agree to use your best efforts to market and sell Core Services after the expiration of the Royalty-Free Period and Choice Services (should you choose to market and sell Choice Services). You are required to offer and sell Core Services and Choice Services (should you choose to market and sell Choice Services) in accordance with the procedures and specifications set forth in the Manual.”

9. **Chemical Pricing.** You agree to operate the Store Location as a franchise LINE-X Store and exclusively purchase LINE-X Products, including the Coating Products, solely from Franchisor or a Supplier for the entire Term of the Franchise Agreement. You acknowledge and agree that you will continue to pay prices for LINE-X Products, including the Coating Products, at the amounts designated by LINE-X for those similarly situated franchisees without royalty obligations during the Royalty-Free Period, which prices will be higher than those franchisees agreeing to pay Royalty.

10. **Customer Data.** You agree to provide all data and information relating to customers of your LINE-X Store for the previous three (3) years to Franchisor in the form and manner Franchisor designates upon execution of this Addendum.

11. **Right to Forbearance and Forbearance Election Period.** The Parties acknowledge and agree that, so long as Franchisee remains in full compliance with Paragraph 2 of this Addendum above, Franchisee may elect to terminate the Franchise Agreement beginning on the first day after the eighteenth (18th) month of the Term for a period of sixty (60) days (the “Forbearance Election Period”) on the terms and conditions set forth below. You agree to:

- A. Fully execute the Forbearance Agreement attached hereto as “Exhibit B”.
- B. Continue to operate the Store in accordance with the LINE-X System as set forth in the Manual except as set forth in the Forbearance Agreement.
- C. Comply with the Forbearance Agreement.
- D. Upon expiration or termination of the term of the Forbearance Agreement, strictly comply with all terms and conditions of the Franchise Agreement and Forbearance Agreement’s post-termination obligations, including de-identification of the Store.

12. **Entire Agreement.** The Parties acknowledge that this Addendum contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended, or modified, except by a writing properly executed by the Parties.
13. **Enforceability.** Should one or more provisions contained in this Addendum be held to be invalid, illegal, overbroad, or otherwise unenforceable in any respect, whether in whole or in part, then the Parties agree it is their intention that (i) the offending provision be modified and/or reduced in scope and term so that it is enforceable to the maximum extent permitted by applicable law; (ii) such invalidity, illegality, overbreadth, or unenforceability does not affect any other provision of this Agreement; and (iii) the provision at issue and this Addendum shall be construed as if such invalid, illegal, overbroad, or unenforceable provision was never contained herein.
14. **Counterparts.** The Parties may execute this Addendum in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
15. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgment (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

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 LLC**  
a Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE (Individual):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**FRANCHISEE (Corp., LLC, or Partnership):**

\_\_\_\_\_  
Legal Name of Franchisee Entity  
a \_\_\_\_\_ (Jurisdiction of Formation)  
Corporation, LLC, or Partnership

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **Exhibit A**

### Conditions of Qualification

**Exhibit B**  
Forbearance Agreement

**EXHIBIT B-3 TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**MULTI-UNIT OPERATOR ADDENDUM  
TO FRANCHISE AGREEMENT**

## MULTI-UNIT OPERATOR ADDENDUM TO FRANCHISE AGREEMENT

**THIS MULTI-UNIT OPERATOR ADDENDUM TO FRANCHISE AGREEMENT** (this “**MSO Addendum**”) is entered into this [DAY] day of [MONTH], [YEAR] by and between **LINE-X, LLC**, a Delaware limited liability company (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and [FRANCHISEE PARTY COMPANY NAME] (“**Franchisee**,” “**you**,” or “**your**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

### **RECITALS**

**WHEREAS**, Franchisee is an existing LINE-X Franchisee that is either in good standing or will be by complying with the terms and conditions of this Addendum (“**Qualified Franchisees**”).

**WHEREAS**, Franchisee is a Qualified Franchisee operating LINE-X stores as set forth on Exhibit A to this MSO Addendum (the “**Stores**”) pursuant the LINE-X Franchise Agreements set forth on Exhibit A (the “**Franchise Agreements**”).

**WHEREAS**, the Parties hereby modify the Franchise Agreements according to the terms and conditions set forth in this Addendum to permit Franchisee to participate in the benefits of LINE-X’s Multi-Store Operator Program (the “**MSO Program**”).

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This MSO Addendum shall annex to and form a part of the Franchise Agreements. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreements. Except as modified by this MSO Addendum, the Franchise Agreements shall remain in full force and effect. Any conflict between the provisions hereof and the Franchise Agreements shall be construed in favor of this MSO Addendum. All references in this MSO Addendum to “**Sections**,” “**Subsections**,” and/or “**Exhibits**” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreements, unless specified otherwise below. The Recitals above are incorporated into this MSO Addendum by reference.
2. **Qualifications.** You represent and warrant, and in connection with signing this MSO Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (i) you own and operate at least seven (7) Stores; (ii) you are a current franchisee in good standing with us, including being in full compliance with all currently effective agreements with us or our affiliates, under each of your Franchise Agreements; and (iii) you will remain a franchisee in good standing, and comply with all currently effective agreements with Franchisor-Related Parties, including each of the Franchise Agreements; and (iv) you agree to operate your Stores in full compliance with operating requirements and procedures as listed in the Franchise Agreements and Manual (the “**MSO Qualifications**”). You further agree to complete, if any, those items set forth on Exhibit A hereto in the time period set forth therein we require to designate you a Qualified Franchisee in good standing.
3. **One Account.** By participating in this MSO Program, you hereby acknowledge and agree that any and all accounts with us or any Franchisor-Related Party shall be consolidated into one, single account under your name and that each of your Stores is not subject to separate or individual accounts. For the sake of clarity, if one of your Stores is on a credit hold or has a past-due balance, then all of your Stores are subject to those conditions and balances.

4. **Reduced Fees and Reduced Royalty.** In consideration of your continued qualification for the MSO Program by meeting or exceeding the MSO Qualifications, LINE-X agrees to provide you with the following incentives:
- a) A fifty percent (50%) reduction in the then-current listed Initial Fee or Transfer Fee, as applicable, in the Franchise Agreements and any then-current franchise agreement you execute (the “Reduced Fees”) during the period in which you (i) own and operate more than six (6) Stores and (ii) you meet or exceed the MSO Qualifications (the “Reduction Period”); and
  - b) Once you are obligated to pay Royalty pursuant to your Franchise Agreements and/or the Legacy Franchisee Incentive Addendum, you shall pay Royalty as follows:
    - i. If you own more than six (6) but less than fifteen (15) LINE-X Stores, you shall pay LINE-X a royalty equal to five percent (5%) of your Stores’ Gross Revenues on the sale and installation of spray-on bedliners, spray-on product on items other than bedliners (except overalls/full body sprays), and premium/topcoat spraying (“Bedliner Services”) and one and two-third percent (1.67%) of your Store’s Gross Revenues on all remaining Vehicle Upfit Services for the prior week’s operation during the Reduction Period in accordance with all terms and conditions of your Franchise Agreements.
    - ii. If you own fifteen (15) or more Stores, you shall pay LINE-X a royalty equal to four percent (4%) of your Stores’ Gross Revenues on the sale and installation of Bedliner Services and one and one-third percent (1.33%) of your Store’s Gross Revenues on all remaining Vehicle Upfit Services for the prior week’s operation during the Reduction Period in accordance with all terms and conditions of your Franchise Agreements.
5. **Failure to Meet MSO Qualifications.** You agree to pay us no later than thirty (30) days after our written notice to you the amount or value of the Reduced Fees and Reduced Royalty, as well as any other fee reduction, discount, or other benefit afforded to you under the Program during the MSO Period if you breach and fail to cure, or are later found to have breached and failed to cure any of the MSO Qualifications in addition to any other remedies available under this MSO Addendum, the Franchise Agreements (including termination), and/or at applicable law.
6. **Entire Agreement.** The Parties acknowledge that this MSO Addendum contains the entire understanding and agreement of the Parties with respect to this Addendum’s subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended, or modified, except by a writing properly executed by the Parties.
7. **Counterparts.** The Parties may execute this MSO Addendum in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
8. **Electronic Signatures.** The counterparts of this MSO Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgment (e.g., clicking an “I Accept” or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.



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

**FRANCHISOR:**

**LINE-X LLC**

a Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE (Individual):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**FRANCHISEE (Corp., LLC, or Partnership):**

\_\_\_\_\_  
Legal Name of Franchisee Entity  
a \_\_\_\_\_ (Jurisdiction of Formation)  
Corporation, LLC, or Partnership

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B-4 TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**CO-BRANDING ADDENDUM  
TO FRANCHISE AGREEMENT**

## CO-BRANDING ADDENDUM TO FRANCHISE AGREEMENT

**THIS CO-BRANDING ADDENDUM TO FRANCHISE AGREEMENT** (this “Addendum”) is entered into this [DAY] day of [MONTH], [YEAR] by and between **LINE-X, LLC**, a Delaware limited liability company (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and [FRANCHISEE COMPANY NAME] (“**Franchisee**,” “**you**,” or “**your**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

### RECITALS

**WHEREAS**, Franchisee is an existing LINE-X Franchisee that is either in good standing or will be by complying with the terms and conditions of this Addendum (“Qualified Franchisees”).

**WHEREAS**, Franchisee is a Qualified Franchisee operating a LINE-X store located at [INSERT ADDRESS] (the “Store”).

**WHEREAS**, Franchisee desires to qualify for and receive the benefits of LINE-X’s pre-approved co-branding, as defined below, wherein LINE-X agrees to waive only certain specific Gross Revenues from the Royalties calculation during Term of Franchisee’s Franchise Agreement entered contemporaneously herewith (the “Franchise Agreement”) as specifically detailed herein.

**WHEREAS**, the Parties hereby modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent and warrant, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are a current franchisee in good standing with us, including being in full compliance with all currently effective agreements with us or our affiliates; and (b) you will remain a franchisee in good standing, and comply with all currently effective agreements with us and the Franchisor-Related Parties, including the Franchise Agreement; and (c) you agree to operate Store in full compliance with operating requirements and procedures as listed in the Franchise Agreement and Manual. You further agree to complete, if any, those items set forth on Exhibit A hereto in the time period set forth therein we require to designate you a Qualified Franchisee in good standing.
3. **Co-Branding.** By this Addendum, Franchisee is granted LINE-X’s limited right to conduct business activities during the Term, including in some instances specific Services authorized by LINE-X and as described in Exhibit B to this Addendum (the “**Co-Brand Services**”), at the Location related to Franchisee’s pre-existing agreement with [INSERT DEALER OR BRAND NAME HERE] (the “**Approved Co-Brand**”).

4. **Gross Revenues** In consideration of your continued designation as a Qualified Franchisee under Section 2 hereof, Section 8.2(A) of the Franchise agreement is hereby deleted in its entirety and replaced with the following:

“The term “**Gross Revenues**” means all revenue resulting from all sales which include the provision and/or sale of Core Services and Choice Services offered at your Location (collectively, the “Services”) arising from the operation of your Franchised Business, *excluding* the revenue resulting from the specific Approved Co-Brand and Co-Brand Services (the “**Co-Brand Revenue**”). You acknowledge and agree that only the Approved Co-Brand and Co-Brand Services are permitted by LINE-X at the Location in addition to the operation of your LINE-X business. Gross Revenues includes all remuneration received from the offering and sale of Services, whether or not such sales have been approved or authorized by us and whether for cash, credit, gift, or barter and with no deductions or exclusions whatsoever (including for any third-party delivery services or processing fees); provided, however, that “Gross Revenue” shall not include any of the following: (i) service personnel tips; (ii) any products or services not include in the Services; (iii) any Co-Brand Revenue; and (iv) any sales taxes or other taxes collected by you for transmittal to the appropriate taxing authority. We reserve the right to modify the definition of “Gross Revenues” including those items exempted from the definition in our sole and absolute discretion. You agree to accurately record all Gross Revenues on the POS System, as well as allow LINE-X to access to such POS System or other computer software and systems in the manner, increments, and times LINE-X determines, in its sole and absolute discretion.”

5. **Entire Agreement.** The Parties acknowledge that this Addendum contains the entire understanding and agreement of the Parties with respect to this Addendum’s subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended, or modified, except by a writing properly executed by the Parties.
6. **Enforceability.** Should one or more provisions contained in this Addendum be held to be invalid, illegal, overbroad, or otherwise unenforceable in any respect, whether in whole or in part, then the Parties agree it is their intention that (i) the offending provision be modified and/or reduced in scope and term so that it is enforceable to the maximum extent permitted by applicable law; (ii) such invalidity, illegality, overbreadth, or unenforceability does not affect any other provision of this Agreement; and (iii) the provision at issue and this Addendum shall be construed as if such invalid, illegal, overbroad, or unenforceable provision was never contained herein.
7. **Counterparts.** The Parties may execute this Addendum in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
8. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgment (e.g., clicking an “I Accept” or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

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 LLC**

a Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE (Individual):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**FRANCHISEE (Corp., LLC, or Partnership):**

\_\_\_\_\_  
Legal Name of Franchisee Entity  
a \_\_\_\_\_ (Jurisdiction of Formation)  
Corporation, LLC, or Partnership

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **Exhibit A**

### Conditions of Qualification

## **Exhibit B**

### **The Co-Brand Services**

**EXHIBIT B-5 TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**FORBEARANCE AGREEMENT**



## FORBEARANCE AGREEMENT

This FORBEARANCE AGREEMENT (the "Agreement") is made and entered into this [DAY] day of [MONTH], [YEAR] (the "Effective Date") by and between LINE-X LLC, a Delaware limited liability company ("LINE-X") and [FORBEARANCE PARTY COMPANY NAME] and [FORBEARANCE PARTY INDIVIDUAL NAMES] (collectively, the "Forbearance Party") on the other hand. LINE-X and Forbearance Party may be referred to herein individually as a "Party" and collectively as the "Parties."

### RECITALS

**WHEREAS**, Franchisor and Forbearance Party are Parties to that certain Franchise Agreement dated [FRANCHISE AGREEMENT DATE] (the "Franchise Agreement") pursuant to which Forbearance Party operated a business as a LINE-X Store (the "Business") located at [LINE-X STORE ADDRESS] (the "Store Location") in the territory set forth in the Franchise Agreement (the "Territory").

**WHEREAS**, [INDIVIDUAL NAMES] guaranteed Forbearance Party's performance under the Franchise Agreement pursuant to an Owner's Guaranty and Assumption of Business Entity Forbearance Party's Obligations (the "Guaranty").

**WHEREAS**, Forbearance Party does not wish to participate in any Legacy Franchisee Incentive Program or any other franchise programs provided by LINE-X, and Forbearance Party and LINE-X wish to terminate the Franchise Agreement, allow the Forbearance Party to operate its Business as a LINE-X for an agreed period of time to preserve the integrity of, among other things, LINE-X's customer base, the LINE-X system, the LINE-X trademarks, and LINE-X's goodwill, and release the Territory for resale by LINE-X as of the Effective Date and pursuant to the terms and conditions detailed herein.

**NOW, THEREFORE**, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties hereby agree as follows.

### AGREEMENT

#### I. Acknowledgements, Warranties, and Representations

A. The Parties acknowledge and agree that the Recitals above are true and correct, and incorporate and adopt the Recitals above as if they were fully set forth herein.

B. The Parties represent and warrant that they have the full power and authority to make, deliver, enter, and perform the terms and conditions of this Agreement and that the consent or approval of a third party is not required to enter and perform under this Agreement. The Parties acknowledge and agree this Agreement is binding upon each Party and their respective heirs, successors, and assigns.

C. Forbearance Party acknowledges and agrees that LINE-X complied with its obligations under the Franchise Agreement and the law, and that LINE-X may immediately market for sale and sell the Territory to any third party.

#### II. The Parties' Obligations and Agreements

**A. Recitals, Definitions, and Sections.** The Recitals above are incorporated into this Addendum by reference. All capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Agreement. All references in this Addendum to "Sections," "Subsections," and/or "Exhibits" shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below.

**B. Termination of Franchise Agreement.** The Parties acknowledge and agree that the Franchise Agreement is hereby terminated and of no further force or effect other than those post-termination obligations naturally surviving the Franchise Agreement's expiration or termination, including Forbearance Party's post-termination obligations and covenants such as non-competition, confidentiality, indemnification, and other post-termination restrictions not modified by this Agreement EXCEPT as set forth herein.

**C. Limited License.** Although the Franchise Agreement is fully and finally terminated, in consideration of the Forbearance Party's covenants contained herein, LINE-X hereby grants the Forbearance Party a conditional and revocable limited license (the "Limited License") to continue to operate the Business as a LINE-X Store for a period equal to the shorter of (i) two (2) years from the Effective Date or (ii) sixty (60) days from the date LINE-X re-franchises all or a portion of your current territory by selling a franchise to a new LINE-X franchisee (the "Forbearance Period") on the same terms and conditions other than provisions relating to term, assignment, transfer, and successor or renewal as originally set forth in the Franchise Agreement (the "Limited License Terms") solely to permit (1) LINE-X Franchisee the opportunity to preserve the integrity of, among other things, LINE-X's customer base, the LINE-X system, the LINE-X trademarks, and LINE-X's goodwill and (2) the Forbearance Party the opportunity to continue operating the Business without LINE-X immediately pursuing its rights and remedies under the Franchise Agreement, including the post-termination non-compete obligations. The Parties agree that the Limited License Terms are adopted from the Franchise Agreement and incorporated as if fully set forth herein.

**D. Forbearance of Post-Termination Obligations.** Provided the Forbearance Party complies with the terms and conditions of this Agreement, which is a material term of this Agreement, LINE-X hereby agrees that it forbear from seeking enforcement of and enforcing the Franchise Agreement's post-termination obligations relating to non-competition and non-solicitation, de-identification, expiration of the right to use LINE-X's trademarks, service marks, other indicia of origin, Confidential Information, and goodwill, and expiration of your right to use the Numbers (the "Covenants"). The Forbearance Party agrees LINE-X's agreement to forbear from seeking enforcement of the Franchise Agreement's Covenants constitutes "new value" as defined in 11 U.S.C. §547.

**E. Forbearance Party's Obligations.** The Forbearance Party agrees, jointly, severally, and unconditionally:

1. that all post-termination obligations under the Franchise Agreement survive the Franchise Agreement's termination herein, and that Forbearance Party shall abide by all post-termination obligations in the Franchise Agreement, including Forbearance Party's indemnification obligations, confidentiality obligations, restrictive covenants, and other post-termination obligations which remain in full force and effect.
2. that, during the Forbearance Period, the Forbearance Party shall operate the Store Location as a LINE-X location in compliance with the Manual, as modified from time to time by LINE-X in its sole discretion, except as set forth in this Agreement.
3. to provide LINE-X with all data and information relating to customers of the Forbearance Party's LINE-X Store for the previous three (3) years in the form and manner LINE-X designates upon execution of this Agreement.
4. that it shall 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 Forbearance Party; Customer Data; records of complaints and warranty obligations; and such other data as LINE-X may from time to time require. If LINE-X should request it, Forbearance Party shall provide to LINE-X its books and records, the Customer Data, records of complaints and warranty obligations, sales, and operation of the Store

Location, and in such form and format, as LINE-X specifies from time to time in its Business Judgment.

5. acknowledges and agrees that it must offer for sale only those products and services authorized by LINE-X. During the Forbearance Period, the Forbearance Party is not required to offer Core Services. Forbearance Party further acknowledges and agrees to exclusively purchase LINE-X Products, including the Coating Products, solely from LINE-X or its Supplier at a premium price twenty percent (20%) above any price charged to a LINE-X franchisee not paying Royalty for the same LINE-X Products and Coating Products.
6. authorizes and agrees LINE-X or its designee to enter the Store Location (i) at any time during regular business hours without notice or identifying themselves or (ii) with notice and upon request at a reasonable time for LINE-X to confirm Forbearance Party's compliance with the terms and conditions of this Agreement.
7. upon the termination or expiration of the Agreement:
  - i. pay all amounts of any kind owed to LINE-X in conjunction with the termination or expiration of the Agreement;
  - ii. immediately and permanently discontinue any use of the Marks, Confidential Information, and goodwill in any and all forms and on every and each platform. Forbearance Party further agrees that it will not use any similar or derivative marks, materials, or colorable imitations of any of the Marks in any medium or manner or for any purpose;
  - iii. at LINE-X's option, either return to LINE-X or destroy all Manuals, forms, materials, signage, and any other items containing the Marks, Confidential Information, or otherwise identifying or relating to the Store Location;
  - iv. to take such actions as may be required to cancel all fictitious or assumed names or equivalent registrations that contain or reference the Marks or the name "LINE-X";
  - v. to remove from the Store Location any signage and physical and/or structural features, including paint colors and schemes, associated with the LINE-X Store(s) so that the Store Location is clearly distinguished from other LINE-X stores and does not create any public confusion to the extent they have not been assigned in connection with an authorized transfer or a repurchase;
  - vi. not to identify itself, or any business it may operate or in which it may become involved, or to advertise or promote itself in any manner, as a present or former LINE-X franchisee; and
  - vii. to furnish to LINE-X within thirty (30) days satisfactory evidence of its compliance with the obligations described in this Section II(E)(7) of this Agreement.
8. LINE-X may seek to enforce this Agreement by seeking enforcement of the post-termination covenants set forth in the Franchise Agreement and adopted and incorporated herein and/or economic damages equal to the greater of (i) all profits earned by Forbearance Party; or (ii) all royalties, marketing contributions, and other amounts which would have been due under a Franchise Agreement for the Store Location if Forbearance Party operates any business using any of the Marks, Confidential Information, or any aspect of the System after the expiration or termination of the Forbearance Period.

**F. LINE-X's Obligations.** LINE-X agrees:

1. that, during the Forbearance Period, it will provide the Forbearance Party with limited support and services in its sole and absolute discretion, which it shall limit to ensuring third-party safety, protecting the goodwill and integrity of the LINE-X Marks and System, and Manual-compliant installation and application of Chemical Products and other Core Services.
2. that, during the Forbearance Period, it will not require the Forbearance Party to adopt or

offer all Core Services, continue with or implement LINE-X's approved point-of-sale system, participate in customer quality assurance programs, or comply with LINE-X's image standards other than to properly maintain, display, and use LINE-X's trademarks, logos, trade dress, names, and other indicia of origin in accordance with LINE-X standards and the law.

3. it shall, provided Forbearance Party remains in full compliance with all terms, conditions, and obligations of this Agreement, after the termination or expiration of the Forbearance Period:
  - i. release any and all claims to Forbearance Party's telephone numbers and related directory listings used in connection with the operation of the Store Location; and
  - ii. forbear from enforcing the Franchise Agreement's relevant covenant not to compete and non-solicitation restrictions.

### **III. Default and Termination**

A. The Parties acknowledge and agree that the failure to comply with any of the terms and conditions of this Agreement is a violation of and an event of default under this Agreement (a "Default").

B. Upon the occurrence of a Default, the non-defaulting party shall provide the defaulting party with written notice of such Default and ten (10) days to cure such Default (the "Cure Period").

C. Should the defaulting party fail to timely cure any Default within the Cure Period, the non-defaulting party may, in its sole discretion, terminate this Agreement, exercise any of its rights and remedies permitted by this Agreement and/or the law, and/or immediately begin legal proceedings to enforce all of rights and remedies under this Agreement and/or the law.

D. Forbearance Party acknowledges and agrees that LINE-X may, in its sole discretion and election, terminate the forbearance granted by this Agreement, and seek any and all other rights and remedies available to it, including termination of this Agreement if Forbearance Party fails to time cure a Default within the Cure Period.

E. A Party's delay or failure to exercise any right or remedy contemplated by this Agreement or the law, including terminating the forbearance granted by this Agreement and/or seeking to enforce this Agreement or the law will not constitute a waiver or otherwise affect the right of the non-breaching Party to later do so. The defaulting party also agrees that it hereby waives and shall not contend or otherwise argue that such delay or failure is prejudicial or should otherwise weigh against the non-defaulting party's efforts to exercise such right or remedy or otherwise seek to declare and proceed for either a continuing or subsequent Default.

### **IV. Limited Release of Forbearance Party**

For and in consideration of the Forbearance Party entering into this Agreement and the obligations described herein, and other good and valuable consideration received from or on behalf of the Forbearance Party, the receipt of which is hereby acknowledged, LINE-X hereby releases Forbearance Party and any of their respective officers, directors, board members, members, agents, employees, agents, attorneys, accountants, brokers, affiliates, subsidiaries, parents, predecessors, successors and assignees ("Forbearance Party Releasees") from all of their performance obligations under the Franchise Agreement except for Forbearance Party's indemnification obligations (§ 6.3), confidentiality obligations (§ 7.1), relevant covenant not to compete restrictions (§ 7.2), and other post-termination obligations (§ 16) arising from that Franchise Agreement, which remain in full force and effect. Nothing in this Section shall release the Forbearance Party from fully performing all obligations under this Agreement.

### **V. General Release of LINE-X**

For and in consideration of LINE-X releasing Forbearance Party of their obligations to operate the Store Location and otherwise comply with all terms, conditions, and obligations of the Franchise Agreement,

and for other good and valuable consideration received from or on behalf of LINE-X, the Forbearance Party along with their respective officers, directors, owners, agents, heirs, administrators, successors, and assigns hereby release and forever discharge LINE-X, its parents and subsidiaries and their respective officers, directors, owners, employees, attorneys, agents, successors, and assigns (the "LINE-X Releasees") from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, at law or in equity, whether known or unknown (collectively the "Claims"), which arose on or before the date of this Agreement, including any Claims with respect to the Franchise Agreement, the Franchised Business, the Store Location, and the Guaranty. The **Forbearance Party waives any right or benefit which the Forbearance Party 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 that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

The general and complete releases set forth in Sections IV and V above cover claims the Parties know about and those that any Party may not know about that exist in that Party's favor at the time of executing this Agreement. The Parties understand and for valuable consideration hereby expressly waive all of the rights and benefits of Section 1542 of the California Civil Code, set forth fully above.

## **VI. General Terms**

A. This Agreement sets forth the entire agreement and understanding of the Parties regarding the subject matter of this Agreement, and any agreement, representation or understanding, express or implied, heretofore made by any Party or exchanged between the Parties are hereby waived and canceled.

B. This Agreement shall be binding upon each of the Parties to this Agreement and their respective heirs, executors, administrators, personal representatives, successors, and assigns.

C. The Parties acknowledge and agree they may execute this Agreement in any number of counterparts, electronically or otherwise, each of which shall be deemed an original, constitute the same instrument, and have the same effect as if all Parties executed the same original document.

D. The Parties acknowledge and agree that they have had the opportunity to consult with legal and financial counsel of their choosing and are aware of and understand the legal risks associated with entering into this Agreement.

E. All notices, consents, or other communications under this Agreement must be in writing and shall be deemed sufficiently given if delivered or sent via a nationally-recognized overnight delivery service or registered or certified mail, postage fully prepaid, as follows: if to LINE-X, then to LINE-X, LLC at 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217; if to Forbearance Party, then to [FORBEARANCE PARTY NAME AND ADDRESS]. Notice shall be deemed delivered upon receipt of or refusal to accept the overnight delivery or the registered or certified mail delivery.

F. The Parties acknowledge and agree that Dispute Avoidance and Resolution provisions of Section 17 of the Franchise Agreement are incorporated into this Agreement and will govern all disputes related to this Agreement and the Franchise Agreement.

G. The Parties 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 Lanham Act (15 U.S.C. §1051 et seq.) 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 the state in which our headquarters is located; 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 the state of our headquarters relating to conflicts of laws or choice of law.

H. In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, overbroad, or otherwise unenforceable in any respect, whether in whole or in part, then the Parties agree that it is their intention that (i) the offending provision be modified and/or reduced in scope and term so that it is enforceable; (ii) such invalidity, illegality, overbreadth, or unenforceability does not affect any other provisions of this Agreement; and (iii) this Agreement shall be construed as if such invalid, illegal, overbroad, or unenforceable provision had never been contained herein.

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

**FORBEARANCE PARTY:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GUARANTOR:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**LINE-X LLC:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B-6 TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**LEASE ADDENDUM TO FRANCHISE AGREEMENT**

## **FRANCHISE ADDENDUM TO LEASE AGREEMENT**

This Franchise Addendum to Lease Agreement (the "Addendum") is made as of the \_\_\_\_ day of \_\_\_\_\_, 202\_\_ ("Effective Date") by and between \_\_\_\_\_ ("Landlord"), \_\_\_\_\_ ("Tenant"), and LINE-X, LLC ("LINE-X" or "Franchisor") and their respective successors and assigns (Landlord, Tenant, and LINE-X may collectively be referred to as the "Parties").

### **RECITALS**

**WHEREAS**, Tenant and Franchisor have executed a Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement"), pursuant to which Franchisor has granted Tenant the right to establish and operate a franchised LINE-X store at the following location: \_\_\_\_\_ (the "Premises");

**WHEREAS**, Tenant and Landlord are entering into a lease agreement (the "Lease"), pursuant to which Tenant will lease the Premises from Landlord; and

**WHEREAS**, Franchisor has required Tenant to include certain terms in the Lease in order to protect Franchisor's rights, and Landlord has agreed to such terms.

**NOW, THEREFORE**, in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### **AGREEMENT**

1. The Parties acknowledge and agree that the recitals set forth above are true and correct and are hereby incorporated by this reference as if they were fully set forth herein. The Parties warrant and represent that they have the full power and authority to make, deliver, enter, and perform the terms and conditions of this Addendum and that the consent or approval of a third party is not required to enter and perform under this Addendum or, if such consent is required, that they will use their best efforts to gain such consent as is necessary.

2. Landlord and Tenant hereby expressly agree that for so long as the Franchise Agreement and the Lease are in effect, the Premises shall be used solely for the operation of a franchised LINE-X store, unless prior written consent of Franchisor is obtained for any alternative use. The term of the Lease will not be less than ten (10) years with a renewal option of ten (10) years.

3. During the term of the Lease, it is agreed that: (a) Landlord shall not alter, change, or otherwise modify the Premises, but may make repairs and perform maintenance as permitted or required under the Lease; (b) Tenant shall be permitted to make such interior or exterior, non-structural repairs, remodeling, improvements, and alterations to the Premises as may be required by Franchisor pursuant to the Franchise Agreement; and (c) Landlord shall not in any way restrict or limit Tenant's ability to operate the Premises as a franchised LINE-X store.

4. Subject only to applicable law, Landlord expressly grants to Tenant the right to display the trade name, service mark, and/or trademark "LINE-X®" and certain other trademarks, service marks, trade names, and symbols used in connection with the operation of a system developed by Franchisor, which display will be in accordance with the specifications required by Franchisor.

5. Landlord agrees to: (a) furnish to Franchisor a copy of any default notice served on Tenant and/or another lessee under the Lease simultaneously with the service of the notice to Tenant and/or such other lessee; (b) provide Franchisor with notice of any proposed renewals, extensions, modifications and amendments to the Lease; (c) give Franchisor the opportunity, but Franchisor shall not be required, to cure any default by Tenant or other lessee under the Lease within thirty (30) days following the expiration of any



applicable cure period if Tenant and/or such other lessee fail to cure such default; and (d) to furnish to Franchisor, at Franchisor's request, a copy of any sales or operating information for the Premises provided by Tenant. All notices to Franchisor shall be sent to the following address: 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217, unless Landlord is notified otherwise in writing by Franchisor. No notice to Tenant shall be effective unless and until a copy thereof is served upon Franchisor.

6. Landlord agrees that if Franchisor exercises its right to cure a default by Tenant and/or another lessee under the Lease, then Franchisor may, at its option, succeed to Tenant's and/or such other lessee's interests under the Lease and shall be recognized by Landlord as the lessee or sublessee thereunder for the remaining term of the Lease.

7. Landlord agrees that the expiration of the Franchise Agreement (unless Tenant enters into a renewal Franchise Agreement with Franchisor) or a termination of the Franchise Agreement prior to expiration shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's and/or any other lessee's interests as the new lessee or sublessee under the Lease.

8. Landlord agrees that upon the termination or expiration of the Lease, Franchisor shall have the first right of refusal to lease the Premises as the new lessee or sublessee.

9. Landlord agrees that Franchisor shall have the right to enter the Premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect its franchise system, trademarks, trade names, trade dress and other intellectual property without being guilty of trespass or any other tort or crime.

10. Landlord agrees that upon the expiration or termination of the Franchise Agreement, Landlord shall remove any trade fixtures, interior or exterior signs or other items bearing Franchisor's trademarks. Landlord agrees upon the expiration or termination of the Franchise Agreement to relinquish to Franchisor any and all liens or other ownership interests, whether by operation of law or otherwise, in and to any tangible property bearing Franchisor's trademarks, service marks or trade dress.

11. Landlord agrees that, if Franchisor succeeds to Tenant's and/or any other lessee's interests under the Lease for any reason, Franchisor shall have the right to further assign the lease or to sublease the Premises to either an entity owned or controlled by Franchisor, or to another LINE-X franchisee upon obtaining Landlord's written consent, which consent may not be unreasonably withheld, conditioned or delayed by Landlord. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

12. Upon Franchisor's delivery to Landlord and Tenant of its election to exercise its rights under this Addendum, Franchisor shall be entitled to all of Tenant's rights and interests in the Lease, as if Franchisor were the tenant under the Lease, including, by way of example and not limitation, the right to exercise any and all renewal options thereunder, without the need for any further action or instrument.

13. Landlord and Tenant expressly agree that Franchisor is an intended third party beneficiary of the terms of this Addendum. Landlord and Tenant further agree that Franchisor has no liability or obligation under the Lease unless and until Franchisor exercises its right to assume the Lease under this Addendum.

14. Tenant agrees to indemnify and hold Franchisor and all of its affiliated parties, including its indemnities, agents, officers, directors, employees, parent companies, and affiliated companies (the "Indemnified Parties") harmless against any cost, damage, expense, liability, or loss which any or all of them may suffer or incur which arise from or in connection with Tenant's use of the Premises or breach of any agreement, contract, or understanding with the Landlord, or resulting from Tenant's nonpayment of any debt or obligation to the Landlord.

14. Tenant and Landlord understand that Franchisor is entering into or has entered into the

Franchise Agreement with Tenant for a franchised LINE-X store at the Premises in reliance on the agreements of Tenant and Landlord as herein contained and that Franchisor, in this instance, would not have otherwise entered into such Franchise Agreement. In the event of any conflict between the terms of the Lease between Landlord and Tenant and the terms of this Addendum, the terms of this Addendum shall control.

15. Nothing in this Addendum shall affect any term or condition in the Franchise Agreement.

16. The Parties agree that the Lease and this Addendum may not be modified or amended in any manner without the prior written consent of all Parties hereto.

17. Landlord shall not be liable or obligated to Franchisor except (a) as provided in this Addendum, or (b) in the Lease, if and when Franchisor exercises its option to become substitute tenant under the Lease.

**IN WITNESS WHEREOF**, the Parties hereto have duly executed and delivered this Assignment as of the Effective Date.

**LANDLORD:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**TENANT:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**LINE-X LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**EXHIBIT C TO  
LINE-X LLC  
DISCLOSURE DOCUMENT**

---

**FINANCIAL STATEMENTS**

## **LINE-X LLC**

---

Consolidated Financial Statements  
For the years ended September 30, 2023, 2022 and 2021

LINE-X LLC  
Consolidated Financial Statements

TABLE OF CONTENTS

Report of Independent Certified Public Accountants.....	3-4
Consolidated Balance Sheets as of September 30, 2023, 2022 and 2021 .....	5
Consolidated Statements of Operations for the years ended September 30, 2023, 2022 and 2021 .....	6
Consolidated Statements of Changes in Member's Equity for the years ended September 30, 2023, 2022 and 2021 .....	7
Consolidated Statements of Cash Flows for the years ended September 30, 2023, 2022 and 2021 .....	8
Notes to Consolidated Financial Statements as of and for the years ended September 30, 2023, 2022 and 2021 .....	9-19



GRANT THORNTON LLP  
27777 Franklin Road, Suite 800  
Southfield, MI 48034

D +1 248 262 1950  
F +1 248 350 3581

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Line-X LLC and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Line-X LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of September 30, 2023, 2022 and 2021, and the related consolidated statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements were available for issuance.

GT.COM

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.



**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

Southfield, Michigan  
December 19, 2023

**LINE X LLC**  
**Consolidated Balance Sheets**

<i>As of</i>	<b>September 30, 2023</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash	\$ 1,861,852	\$ 867,316	\$ 717,279
Trade receivables, net of allowance for doubtful accounts of \$353,238, \$322,170 and 63,239	4,638,272	5,096,383	8,235,020
Related party receivables, net of allowance for doubtful accounts of \$1,288,473 at September 30, 2023 and 2022 and 2021	1,927,051	3,249,978	1,282,000
Inventories, net	1,179,075	13,777,399	5,689,607
Prepaid expenses and other current assets	197,519	442,767	815,242
Notes receivable, current portion	-	2,150	8,361
<b>Total current assets</b>	<b>9,803,769</b>	<b>23,435,993</b>	<b>16,747,509</b>
Property and equipment, net	3,604,591	4,482,882	3,073,007
<b>Other assets</b>			
Right of use asset - operating lease	3,679,611	4,983,988	-
Notes receivable	-	-	2,150
<b>Total assets</b>	<b>\$ 17,087,971</b>	<b>\$ 32,902,863</b>	<b>\$ 19,822,666</b>
<b>Liabilities and member's equity</b>			
<b>Current liabilities</b>			
Accounts payable	705,739	3,863,820	6,642,662
Related party payables	2,337,336	3,770,004	132,113
Accrued expenses	2,238,448	2,056,208	2,402,425
Right of use liability - operating lease, current portion	1,135,267	1,179,918	-
<b>Total current liabilities</b>	<b>6,416,790</b>	<b>10,869,950</b>	<b>9,177,200</b>
<b>Long-term liabilities</b>			
Right of use liability - operating lease	2,896,287	4,176,290	-
<b>Total liabilities</b>	<b>9,313,077</b>	<b>15,046,240</b>	<b>9,177,200</b>
<b>Member's equity</b>	<b>7,774,894</b>	<b>17,856,623</b>	<b>10,645,466</b>
<b>Total liabilities and member's equity</b>	<b>\$ 17,087,971</b>	<b>\$ 32,902,863</b>	<b>\$ 19,822,666</b>

*See accompanying notes to Consolidated Financial statements.*



LINE X LLC  
Consolidated Statements of Operations

	Year ended September 30, 2023	Year ended September 30, 2022	Year ended September 30, 2021
<b>Revenue</b>			
Chemical and equipment revenue	\$ 57,322,708	\$ 70,339,996	\$ 72,682,456
Franchise fee revenue	213,500	310,606	330,933
<b>Total revenues</b>	<b>57,536,208</b>	<b>70,650,602</b>	<b>73,013,389</b>
<b>Cost of revenues</b>	<b>36,123,511</b>	<b>48,573,796</b>	<b>39,487,334</b>
<b>Gross profit</b>	<b>21,412,697</b>	<b>22,076,806</b>	<b>33,526,055</b>
<b>Operating expenses</b>			
Sales and marketing	1,193,876	1,805,846	3,981,525
General and administrative	16,498,543	13,549,256	12,413,800
Depreciation	922,466	732,295	802,817
<b>Total operating expenses</b>	<b>18,614,885</b>	<b>16,087,397</b>	<b>17,198,142</b>
<b>Operating income</b>	<b>2,797,812</b>	<b>5,989,409</b>	<b>16,327,913</b>
<b>Other income / (expense)</b>			
Interest income / (expense)	329,378	455,778	670
Other (expense) / income	(411,195)	(55,263)	(126,393)
<b>Net Income</b>	<b>\$ 2,715,995</b>	<b>\$ 6,389,924</b>	<b>\$ 16,202,190</b>

*See accompanying notes to Consolidated Financial statements.*

**LINE X LLC**  
**Consolidated Statements of Changes in Member's Equity**

Balance, September 30, 2020	\$	14,438,353
Net Income		16,202,190
Distributions to affiliates		(19,995,077)
Balance, September 30, 2021	\$	10,645,466
Net Income		6,389,924
Distributions from affiliates		821,233
Balance, September 30, 2022	\$	17,856,623
Net Income		2,715,995
Distributions to affiliates		(12,797,724)
<b>Balance, September 30, 2023</b>	<b>\$</b>	<b>7,774,894</b>

*See accompanying notes to Consolidated Financial statements.*

**LINE-X LLC**  
**Consolidated Statements of Cash Flows**

	Year ended September 30, 2023	Year ended September 30, 2022	Year ended September 30, 2021
<b>Operating activities</b>			
Net income	\$ 2,715,995	\$ 6,389,924	\$ 16,202,190
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	922,466	732,295	802,817
Asset Impairment	469,040	-	-
Loss on lease termination	85,521	-	-
Provision for doubtful accounts	262,773	259,527	23,239
(Gain) on sale of fixed assets	(7,773)	(160,695)	-
Changes in operating assets and liabilities:			
Trade and related party receivables	1,781,038	1,170,659	(1,929,704)
Inventories	12,598,324	(8,087,792)	(1,552,488)
Prepaid expenses and other current assets	245,248	372,475	283,729
Accounts payable	(4,590,750)	859,050	3,420,689
Accrued expenses	182,240	(346,217)	(443,052)
Other assets and liabilities	(358,647)	273,388	-
<b>Net cash provided by operating activities</b>	<b>\$ 14,305,475</b>	<b>\$ 1,462,614</b>	<b>16,807,420</b>
<b>Investing activities</b>			
Purchase of property and equipment	(513,215)	(2,142,171)	(243,761)
Notes receivable	-	8,361	7,994
<b>Net cash (used in) investing activities</b>	<b>(513,215)</b>	<b>(2,133,810)</b>	<b>(235,767)</b>
<b>Financing activities</b>			
Distributions (to) from affiliates	(12,797,724)	821,233	(19,995,077)
<b>Net cash (used in) provided by financing activities</b>	<b>(12,797,724)</b>	<b>821,233</b>	<b>(19,995,077)</b>
Net increase (decrease) in cash and cash equivalents	994,536	150,037	(3,423,424)
Cash, beginning of year	\$ 867,316	\$ 717,279	4,140,703
<b>Cash, end of year</b>	<b>\$ 1,861,852</b>	<b>\$ 867,316</b>	<b>\$ 717,279</b>

*See accompanying notes to Consolidated Financial statements.*

## 1. Description of the Company

LINE-X LLC (the "Company", "we", "our or "us") is incorporated in the state of Delaware and was formed to sell LINE-X franchises and LINE-X branded chemicals to the LINE-X franchise network and other manufacturing and industrial companies. The consolidated financial statements reflect the consolidated financial position, results of operations and cash flows of LINE-X LLC and its wholly owned subsidiary, LINE-X Franchising LLC, which was merged into LINE-X LLC on August 31, 2021, in connection with the merger with LX Retail LLC to simplify the overall LINE-X legal entity structure.

As specified in the Second Amended and Restated Limited Liability Company Agreement ("LLC Agreement") dated March 5, 2020, IXS Intermediate Holdings LLC is the direct parent and sole member of the Company. IXS Intermediate Holdings LLC shall not be liable for debts, obligations, or liabilities of the Company, except to the extent provided in the Delaware Limited Liability Company Act ("Act"). To the extent permitted by the Act, IXS Intermediate Holdings LLC shall not be (a) personally liable for the debts, obligations or liabilities of the Company, including any such debts, obligations or liabilities arising under a judgment, decree or order of a court, (b) obligated to cure any deficit in any capital account, (c) required to return all or any portion of any distribution from the Company, or (d) required to lend or contribute any funds to the Company.

### *Nature of Operations*

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, vehicle upfit services, and the sale and installation of truck and vehicle accessories. In addition, we have engaged in the sale of chemicals, machinery, and supplies to customers nationally and internationally, including manufacturing and industrial customers who spray protective coatings on a variety of products.

The Company is providing services to 420 open franchise outlets as of September 30, 2023. During the periods presented, the following number of franchise outlets were either opened or terminated:

	Year ended September 30, 2023	Year ended September 30, 2022	Year ended September 30, 2021
Outlets at Start of Year	433	444	441
Outlets Opened	4	6	13
Terminations	(17)	(17)	(10)
Outlets at End of Year	420	433	444

### *Ownership*

LINE-X LLC is a wholly-owned subsidiary of IXS Intermediate Holdings LLC which is directly owned by Innovative XCessories & Services LLC and indirectly owned by IXS Holdings, Inc. and ultimately, Ignition Intermediate, Inc. The Company has transactions with certain entities under common control of its direct and indirect parents. Refer to Note 9 – Related Party Transactions for additional information.

## **2. Summary of Significant Accounting Policies**

### ***Principles of Consolidation and Basis of Presentation***

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and includes the assets, liabilities, revenues, and expenses of all majority-owned subsidiaries over which the Company exercises control. Intercompany accounts and transactions are eliminated in consolidation. All amounts are presented in United States dollars.

### ***Cash***

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company does not have any investments that are considered to be cash equivalents. At September 30, 2023, 2022 and 2021, the Company's domestic cash accounts exceeded federally insured limits by approximately \$1,600,000, \$620,000, and \$460,000, respectively.

### ***Trade Receivables***

Trade receivables are recorded at the invoice amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of probable credit losses in the Company's existing trade receivables. The Company determines the allowance based on historical write-off experience. Past due balances over the stated terms and specified amounts are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

### ***Inventories***

Inventories are stated at the lower of cost or net realizable value, with cost determined by the first-in, first-out (FIFO) method. We maintain an allowance for slow-moving inventory for items which we do not expect to sell within the next 12 months. Inventory acquired in a business acquisition is recorded at fair value.

### ***Leases***

On October 1, 2021, the Company adopted Accounting Standards Codification ("ASC") Topic 842, Leases ("ASC 842"), which requires an entity to recognize a right-of-use ("ROU") asset and lease liability for all leases with terms of more than twelve months and recognize expense over the lease term.

We elected to transition to ASC 842 using the comparative method. Prior period amounts are not adjusted and continue to be reported in accordance with historic accounting under previous lease guidance, ASC Topic 840, Leases ("ASC 840"). We elected to use the package of practical expedients permitted under the transition guidance. We did not reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases. For lease agreements that include lease and non-lease components, we elected to use the practical expedient on all leases entered into or modified after October 1, 2021 to combine lease and non-lease components for all classes of assets. Additionally, we elected to not record on the balance sheet leases with a term of twelve months or less.

We lease warehouse and office buildings. We account for these leases in accordance with ASC 842 by recording right-of-use assets and lease liabilities. The right-of-use asset represents our right to use underlying assets for the lease term and the lease liability represents our obligation to make lease payments under the leases. We determine if an arrangement is or contains a lease at contract inception and exercise judgment and apply certain assumptions when determining the discount rate, lease term, and lease payments. ASC 842 requires a lessee to record a lease liability based on the discounted unpaid lease payments using the interest rate implicit in the lease or, if the rate cannot be readily determined, the incremental borrowing rate. Generally, we do not have knowledge of the rate implicit in the lease and, therefore, we use the incremental borrowing rate for a lease. The lease term includes the non-cancelable period of the lease plus any additional periods covered by an option to extend that we are reasonably certain to exercise.

The Company elected to use a risk-free discount rate in lieu of its incremental borrowing rate when assessing lease classification and when measuring its lease liabilities. Lease payments may be fixed or variable; however, only fixed payments are included in the Company's lease liability calculation and the variable non-lease components such as maintenance, utilities, or real estate taxes are recognized as operating expenses in the period in which they are incurred.

Operating leases are included in right-of-use assets, short-term lease liabilities, and long-term lease liabilities within the Company's consolidated balance sheets. Lease expense is recognized on a straight-line basis in the statement of operations over the lease term.

#### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Major additions and betterments are capitalized while maintenance and repairs are expensed as incurred. When property and equipment are disposed of, the cost and related accumulated depreciation are removed from the respective accounts and resulting gains or losses are reflected in earnings. Depreciation expense is computed on the straight-line method for financial statement purposes. Leasehold improvements are depreciated over the lesser of the life of the lease or the estimated useful life of the asset. Property and equipment are reviewed for impairment when events indicate the carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value and an impairment charge (if any) is recorded.

#### ***Income Taxes***

The Company is a disregarded entity with respect to United States corporate federal income tax and therefore no income tax expense or benefit has been recorded in the Company's financial statements.

#### ***Fair Value of Financial Instruments***

The Company has no financial instruments measured at fair value on a recurring basis. The carrying amounts of all the financial instruments, other than related party balances, included in the balance sheets approximate fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The Company considers the carrying amounts to approximate fair value because of the short maturity of the financial instruments, such as cash and cash equivalents, trade accounts receivable, and trade accounts payable.

### ***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Significant items subject to such estimates and assumptions include depreciation, the accounting for doubtful accounts, inventories, accruals, and contingencies. Actual results could differ from those estimates.

### **Revenues**

#### **Revenue Recognition:**

The majority of the Company's revenue is derived from the sale of chemical and equipment products while the remaining revenue primarily relates to franchise fees.

#### **Product Sales:**

Product sales generally consist of the sale of chemical and equipment products to franchisees and other third parties. Product sale contracts are generally short-term contracts where the time between order confirmation and satisfaction of all performance obligations is less than one year. Revenues from product sales are recognized when the customer obtains control of the Company's product, which occurs at a point in time, usually upon shipment, with payment terms typically in the range of 30 to 90 days after invoicing, depending on the customer. When the Company performs shipping and handling activities after the transfer of control to the customer (e.g., when control transfers prior to shipment), these are considered fulfillment activities, and accordingly, the costs are accrued within cost of revenues when the related revenue is recognized, consistent with all other fulfillment activities. The Company has elected to make the accounting policy election based on ASC 606-10-32-2A to exclude any amount charged to customer for sales or similar taxes from the transaction price and shall provide the accounting policy disclosures in ASC 235-10-50-1 through 50-6 in the financial statements. This is consistent with the Company's historical policy for revenue recognition. The Company elected the practical expedient to not adjust the amount of consideration for the effects of a significant financing component for all instances in which the period between payment and transfer of the goods will be one year or less.

Under guidance provided by ASC 606-10-55, *Principal versus Agent Considerations*, generally the Company has risks and rewards of a principal and therefore, for sales transactions, revenue is recognized on a gross basis for the entire amount of the sale. In certain cases, the Company acts as an agent for its franchisees through a distribution agreement in which the franchisees are supplied products from a third party, in which the Company is separately compensated by the third party based on a percentage of the products sold to the franchisees. In this instance, the distribution agreement serves as the performance obligation and the Company recognizes revenue for the amount of commission received from the third party.

The majority of the Company's contracts contain one performance obligation.

#### **Franchise Fees:**

Franchise Fees primarily relate to pre-opening activities such as selection of site, training services, and other services to ready a franchisee to open their store. The Company has applied the practical expedient to consider the pre-opening activities as distinct from the franchise license. The Company has elected to account for the pre-opening activities as a single performance obligation.

#### Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to unsatisfied or partially unsatisfied performance obligations. As of September 30, 2023, 2022, and 2021 the amount of unsatisfied performance obligations was not material.

#### Disaggregation of Revenue

The Company disaggregates its revenue between the sale of chemical and equipment products, and franchise fees.

#### Contract Balances

As of September 30, 2023, 2022 and 2021, contract assets and liabilities were not material.

#### ***Advertising***

The Company expenses advertising costs as incurred. Advertising costs for the years ended September 30, 2023, 2022 and 2021, were \$1,193,876, \$1,805,846, and \$3,981,525, respectively, and are presented as sales and marketing expenses in the accompanying consolidated statements of operations.

#### ***Research and Development Costs***

The Company incurs costs to continuously improve the appeal and safety of its products. Research and development ("R&D") costs are expensed when incurred and included in general and administrative expenses in the consolidated statements of operations. R&D costs for the years ended September 30, 2023, 2022, and 2021 were \$154,836, \$657,971, and \$992,165, respectively.

### ***3. Recent Accounting Guidance***

#### ***Leases***

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02 "Leases (Topic 842)", which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Accounting Standards Codification Topic 842 ("ASC 842") was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842; ASU No. 2018-11, Leases (Topic 842) - Targeted Improvements ("ASU 2018-11"); ASU No. 2018-20, Narrow-Scope Improvements for Lessors; and ASU No. 2019-01, Leases (Topic 842) - Codification Improvements, collectively, the "new standard".

Upon adoption of the new leasing standard on October 1, 2021, the Company recognized ROU assets of \$4,855,742 and lease liabilities of \$5,197,961 on the consolidated balance sheet primarily for real and personal property operating and finance leases. The adoption of ASU 2016-02 did not have a material impact on the Company's consolidated statements of operations or consolidated statements of cash flows



#### Accounting Guidance Issued But Not Adopted at September 30, 2023

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. ASU 2016-13 replaces the incurred loss model under current guidance, and will require entities to consider forecasted credit losses, in addition to past events and current conditions when measuring incurred credit losses. ASU No. 2016-13 also requires the inclusion of an allowance for credit losses roll-forward in the notes to the financial statements. This guidance becomes effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the adoption which is not expected to have a material impact on the statement of consolidated balance sheets, results of operations, and cash flows.

#### 4. Merger of LX Retail LLC

On August 31, 2021, LX Retail LLC, (“Corporate Stores”) a wholly owned subsidiary of IXS Intermediate Holdings LLC, and the Company entered into an agreement and plan of Merger (“Merger”), with the Company being the surviving entity in the Merger. LX Retail LLC was established to sell directly to customers through retail locations. By the time of the Merger, LX Retail LLC was a dormant entity with limited activity. As such the net assets transferred at the date of the Merger were not material to the Company.

#### 5. Inventories

Inventories consist of the following:

	September 30, 2023	September 30, 2022	September 30, 2021
<b>Inventories</b>			
Raw Materials	\$ -	\$ 8,562,547	\$ 1,650,639
Work in Progress	1,403	671,063	112,535
Finished Goods	1,077,895	3,605,326	2,947,233
Machine Parts and Accessories	117,333	1,066,471	1,027,392
Slow moving and obsolete reserve	(17,556)	(128,008)	(48,191)
<b>Inventories, net</b>	<b>\$ 1,179,075</b>	<b>\$ 13,777,399</b>	<b>\$ 5,689,608</b>

## 6. Property and Equipment

Property and equipment consists of the following:

	<i>Estimated Useful Lives</i>	September 30, 2023	September 30, 2022	September 30, 2021
	<i>(years)</i>			
Leasehold improvements	5-10	\$ 1,027,085	\$ 1,027,085	\$ 1,015,235
Computer hardware and software	3-5	3,118,583	1,474,345	1,318,320
Machinery and equipment	3-5	2,643,901	2,643,901	2,668,496
Furniture and fixtures	3-5	1,123,513	1,024,824	1,022,100
Transportation equipment	3-5	722,820	767,026	1,060,186
Construction in progress	N/A	273,338	1,968,162	-
		<b>8,909,240</b>	<b>8,905,343</b>	<b>7,084,337</b>
Less: Accumulated depreciation		<b>(5,304,649)</b>	<b>(4,422,461)</b>	<b>(4,011,330)</b>
Property and equipment, net		<b>\$ 3,604,591</b>	<b>\$ 4,482,882</b>	<b>\$ 3,073,007</b>

Depreciation expense for the years ended September 30, 2023, 2022, and 2021 was \$922,466 and \$732,295, \$802,817, respectively.

The Company performed an impairment review of its fixed assets during the current fiscal year. This review indicated that the carrying amount of capitalized software costs might not be recoverable. As a result of this review, the Company determined that the carrying value of capitalized software costs exceeded their fair value. Therefore, an impairment charge of \$469,040 was recognized during the year ended September 30, 2023 and has been included in the "Other (expense) / income" line in the consolidated statements of operations. No impairment charges were recorded during the years ended September 30, 2022 and 2021.

## 7. Leases

The Company's operating leases<sup>1</sup> are included in the consolidated balance sheets as follows:

		September 30, 2023	September 30, 2022
<b>Assets:</b>	<b>Balance Sheet Classification</b>		
Operating	Right of use asset	\$ 3,679,610	\$ 4,983,988
<b>Liabilities</b>			
Current Liabilities			
Operating	Right of use liability, current portion	\$ 1,135,268	\$ 1,179,918
Other Noncurrent Liabilities			
Operating	Right of use liability	\$ 2,896,287	\$ 4,176,290
Weighted average remaining lease term:			
Operating Leases		3.4 yrs	4.2 yrs
Weighted average discount rate:			
Operating Leases		1.67%	1.61%

<sup>1</sup> There are no finance leases for the Company

The following represents our lease costs as follows:

	September 30, 2023	September 30, 2022
Operating lease expense	\$ 1,199,528	\$ 1,109,294

*Variable lease expense and short-term lease expenses were not material.*

Supplemental cash flow information related to leases is as follows:

	September 30, 2023	September 30, 2022
Cash paid for amounts included in the measurement of the following lease liabilities:		
Operating - Operating cash flows	\$ 1,214,826	\$ 1,054,761
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$ (180,367)	\$ 1,172,991

Future minimum lease payments for operating and financing leases as of September 30, 2023 are as follows:

<b>Fiscal Years Ending</b>	<b>Operating Leases</b>
9/30/2024	\$ 1,191,881
9/30/2025	1,226,873
9/30/2026	1,262,983
9/30/2027	462,327
Thereafter	-
Total future lease payments	4,144,064
Less lease interest	(112,510)
Total lease liability balance	<u>\$ 4,031,554</u>

Future minimum lease payments for operating and financing leases as of September 30, 2022 are as follows:

<b>Fiscal Years Ending</b>	<b>Operating Leases</b>
9/30/2023	\$ 1,255,763
9/30/2024	1,316,226
9/30/2025	1,247,648
9/30/2026	1,262,983
9/30/2027	462,327
Thereafter	-
Total future lease payments	5,544,947
Less lease interest	(188,739)
Total lease liability balance	<u>\$ 5,356,208</u>

Future minimum lease payments under non-cancelable leases as of September 30, 2021 are as follows:

<b>Fiscal Years Ending</b>	<b>Minimum Lease Payments</b>
9/30/2022	862,064
9/30/2023	887,932
9/30/2024	914,568
9/30/2025	942,004
9/30/2026	970,264
Thereafter	408,240
Total minimum rental payments	<u>\$ 4,985,072</u>

The Company recognized rental expense in 2021 was \$927,201 and is included within general and administrative expenses in the consolidated statements of operations.

## 8. Retirement Plan

LINE-X LLC maintains a 401(k) plan, which covers all employees who are at least 21 years of age and have completed three months of service. LINE-X LLC will provide a 4% matching contribution if the employee contributes at least 5% of their earnings in a contribution year. LINE-X LLC's contributions to the plan for the years ended September 30, 2023, 2022, and 2021 were \$132,150, \$101,380, and \$166,928, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

## 9. Related Party Transactions

The Company transacts with business entities that are under common ownership of its ultimate parent, Ignition Intermediate, Inc. Ground Effects Ltd. and Ground Effects LLC (collectively, "Ground Effects"), LINE-X Canada, Ltd. ("LINE-X Canada"), IXS Netherlands B.V. ("UL Europe", formerly "LINE-X Europe"), Recubrimientos de Proteccion Line-X, S. de R.L. de C.V and Recubrimientos de Proteccion Line-X Servicios, S. de R.L. de C.V (collectively, "UL Mexico", formerly "LINE-X Mexico"), LX Retail ("Corporate Stores"), and Ultimate Linings LLC ("Ultimate Linings") are wholly owned subsidiaries of the Company's ultimate parent, Ignition Intermediate, Inc.

From time to time, LINE-X LLC makes payments to its parent or affiliates to provide additional liquidity as needed for debt and tax-related obligations. A summary of related party balances and transactions with affiliates as of and for the years ended September 30, 2023, 2022, and 2021 is as follows:

### Sales

	Year ended September 30, 2023	Year ended September 30, 2022	Year ended September 30, 2021
Ground Effects	\$ -	\$ -	\$ 5,591
LINE-X Canada	1,416,242	4,990,497	4,241,065
UL Europe	5,125	1,366,968	713,367
UL Mexico	566,424	751,117	775,288
Corporate Stores	-	-	14,518
Ultimate Linings	5,134,579	1,972,317	742,451
<b>Total</b>	<b>\$ 7,122,370</b>	<b>\$ 9,080,899</b>	<b>\$ 6,492,280</b>

### Accounts Receivable

	September 30, 2023	September 30, 2022	September 30, 2021
Ground Effects	\$19,076	\$ -	\$ -
LINE-X Canada	-	975,481	256,559
UL Europe	1,209,164	1,253,542	305,315
UL Mexico <sup>†</sup>	698,811	944,714	615,306
Ultimate Linings	-	76,241	104,820
<b>Total</b>	<b>\$ 1,927,051</b>	<b>\$ 3,249,978</b>	<b>\$ 1,282,000</b>

<sup>†</sup> Amounts shown are net of \$1,288,473 allowance for doubtful accounts in each of the years presented.

Our purchases from Ultimate Linings during the year ended September 30, 2023 and our accounts payable balance due at September 30, 2023 were \$17,726,774 and \$2,337,336, respectively.

Our purchases from Ultimate Linings during the year ended September 30, 2022 and our accounts payable balance due at September 30, 2022 were \$8,912,403 and \$3,762,984, respectively.

Our purchases from Ultimate Linings during the year ended September 30, 2021 and our accounts payable balance due at September 30, 2021 were \$1,142,981 and \$132,113, respectively.

#### **10. Commitments and Contingencies**

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and in consideration of all facts available at the time, the ultimate dispositions of these matters are not expected to have a material impact on the financial position, results of operations or liquidity of the Company.

The Company is a named guarantor in a lending arrangement of its ultimate parent, Ignition Intermediate, Inc. Under this arrangement, the Company has pledged as collateral all of its assets.

##### ***Supply Agreements***

The Company had been subject to a North American supply agreement for certain chemicals with an independent supplier. Under the terms of the initial five-year agreement, ("Exclusivity Agreement") dated December 20, 2017, all purchases of certain chemicals were to be sourced exclusively by the independent supplier. During the year ended September 30, 2021, the Exclusivity Agreement was disrupted due to an event ("Force Majeure Event") described below. During the year ended September 30, 2022 we began using alternative suppliers to manufacture our finished goods. The total purchases made under this agreement for the years ended September 30, 2023, 2022, and 2021 were \$15,626 and \$20,244,208, and \$24,717,184, respectively.

##### **Expiration of Exclusivity Agreement**

Effective December 19, 2022, the Company's five-year supply agreement expired and the Company began procuring its chemical supply directly from Ultimate Linings, who has executed a new one-year agreement with the independent supplier effective December 20, 2022.

##### **Force Majeure Event**

In February 2021, a significant winter storm in Texas ("Texas Freeze") caused damage to numerous chemical manufacturing facilities, oil refineries and other companies within the chemical supply chain, which has negatively impacted our supplier's ability to meet our customer requirements ("Force Majeure Event"). The Company managed the disruption and protected continuity of supply to our customers. In response to the Force Majeure Event, we procured chemicals using alternative suppliers including international sources which had created longer supply chains.

#### **11. Subsequent Events**

Management has performed an evaluation of subsequent events through December 19, 2023, the date these financial statements were available for issuance.

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

---

**STATEMENT OF PROSPECTIVE FRANCHISEE**

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

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

**THIS DOCUMENT SHALL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF CALIFORNIA OR MARYLAND, DO NOT SIGN THIS DOCUMENT.**

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and LINE-X LLC (also called the "Franchisor" or "LINE-X") both have an interest in making sure that no misunderstandings exist between them 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__<br><b>Initials</b> _____ | The date of my/our first meeting with any person to discuss the possible purchase of a LINE-X Franchise.   |
| 2. | _____, 20__<br><b>Initials</b> _____ | The date on which I/we received a Uniform Franchise Disclosure Document about a LINE-X Franchise.  |
| 3. | _____, 20__<br><b>Initials</b> _____ | 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__<br><b>Initials</b> _____ | 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__<br><b>Initials</b> _____ | 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) 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, 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 have carefully read, discussed, understand and agree 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.

**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, there exists no guarantee 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:** \_\_\_\_\_

8. 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 officer of the Franchisor set forth in the Disclosure Document 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.

**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: \_\_\_\_\_

**PRINCIPALS**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reviewed by: LINE-X LLC

\_\_\_\_\_  
President

\_\_\_\_\_  
Franchise Agreement Number

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

---

**TABLE OF CONTENTS  
OF  
THE OPERATIONS MANUAL**

# Table of Contents

## A-OVERVIEW

INTRODUCTION	i
LETTER FROM THE TEAM	1
HISTORY OF LINE-X	2
SERVICES PROVIDED TO FRANCHISEES	6
Initial Training	6
Ongoing Training and Support	7
Private-Label Merchandise	7
Approved Suppliers	7
Marketing Materials and Sales Aids	8
Franchisee Councils	8
Ongoing Research and Development	8
FRANCHISEE RESPONSIBILITIES	9
Responsibilities to Your Customers	9
Responsibilities to Your Employees	10
Responsibilities to Fellow Franchisees	11
Responsibilities to the Franchisor	11
PAYING OTHER FEES	12
Initial Training	12
Additional Training	12
Additional Assistance	12
Transfer Fee	12
Audit	13
Late Payments	13
Late Payments	13
Supplier Testing	13
Refurbishing	13
Indemnification	13
Non-Compliant	14
Point Of Sale	15
VISITS FROM LINE-X	16
YOUR REGIONAL MANAGER	16

## B-GRAND OPENING

GRAND OPENING	i
GETTING STARTED	1
Planning	3

## C-HUMAN RESOURCES

HUMAN RESOURCES	i
EEOC GUIDELINES	1
JOB DESCRIPTIONS	13
Manager	13
Applicator	14
Receptionist	15
RECRUITING	15
Spreading the Word	16
CONFIDENTIALITY	34
TRAINING	36

## D-SALES & MARKETING

SUCCESSFUL SALES & MARKETING	i
THE VALUE OF MARKETING	1
LINE-X THREE TIER MARKETING	2
YOUR MARKETING PLAN	3
Determining Your Current Position	4
Competitive Advantage	6

Variety of Product Offerings	7
Setting Your Objectives	12
Your Strategy	13
Your Tactics	13
Your Budget	14
Your Yardstick	14
SHORT-TERM PLANNING	15
UNDERSTANDING RETAIL TRUCK OWNERS	15
Gather Local Information	16
INCOMING SALES CALLS	17
PHONE SALES	18
Preparation	19
Greeting	20
Presentation and Inquiry	20
Optional Questions	22
CLOSE...	23
If the Customer Says No	23
A Firm No	26
PHONE ETIQUETTE	26
Scripting the Call	27
MOST COMMON TELEPHONE MISTAKES	32
PROFORMA...	33
ADVERTISING MEDIA	34
Media Terminology	35
Your Website	39
The Internet	39
Mall Truck	40
Local Television	40
Cable Television	41
Shop Truck	42
Local Radio	43
LINE-X Window Stickers	44
Direct Mail	44
Print	46
Billboards	48
Local Trade Organizations	48
In-Store Promotions	48
Sponsorships	49
MEDIA BUYING	49
USING REFERRALS TO BUILD BUSINESS	50
PUBLIC RELATIONS	51
Top Press Release Tips	51
COMMUNITY INVOLVMENT	54
PREPARING FOR SALES ACTIVITIES	54
Know Your Product	55
The LINE-X Competitive Advantage	55
DEALERSHIP SALES...	57
Know Whom to Talk to	57
Determine Dealer Locations within Your Area	60
Determine the Dealership Pricing Options	60
Have a Plan	61
Pickup and Delivery Service	61
Create Sales Packets	62
SELLING TO DEALERSHIPS	66
Look the Part	66
Have the Right Attitude	67
How Will You Service the Dealerships?	67
On Your Sales Call	68
Respect Their Time	71
Continuing Your Relationship	72
Secondary Wholesale Accounts	74

<b>LUNCH AND LEARN PROGRAM</b>	<b>75</b>
Create Your Opportunity List	76
Set Date and Location	77
Invites and Promoting	79
Final Lunch & Learn Preparation	80
Follow up and Follow Through	80
<b>TRADE SHOWS</b>	<b>81</b>
The Right Show	81
Preparing for a Show	82
Sales Strategies	82
Don't Forget	83
Ten Tips for Success at Tradeshow	84
Sell What You Offer to Exhibitors	85
Follow Up and Follow Through	85
Act on Leads Immediately	86
<b>GENERAL SALES GUIDANCE</b>	<b>87</b>
Pricing	87
Closing the Sale	87
Handling Objections	89
<b>USING LINE-X MARKS</b>	<b>89</b>
<b>REQUIRED ADVERTISING EXPENDITURES</b>	<b>90</b>
National Ad Fund	90
<b>LINE-X STANDARDS OF SERVICE</b>	<b>91</b>
CoOp	91
Requirements	91
<b>SALES ADMINISTRATION</b>	<b>92</b>
<b>E-FRANCHISE OPERATIONS</b>	
<b>FRANCHISE OPERATIONS i</b>	
<b>SUGGESTED HOURS OF OPERATION</b>	<b>1</b>
<b>SCHEDULING</b>	<b>2</b>
<b>FORMS AND PAPERWORK</b>	<b>5</b>
Damage Release Waiver	5
Entering Warranty Information	8
<b>CUSTOMER SERVICE</b>	<b>10</b>
Handling Complaints	11
Warranty Work	12
<b>MAINTAINING CUSTOMER FILES</b>	<b>13</b>
Customer Database	14
<b>INVENTORY MANAGEMENT</b>	<b>15</b>
Using Approved Suppliers	16
Product Ordering Procedures	16
Product Receiving Procedures	18
Gauging 55-Gallon Drums	19
<b>DRUM DISPOSAL GUIDELINES</b>	<b>21</b>
U.S. Regulations	21
Drum Disposal	22
Facilities for Receiving Empty Drums	23
Safety	24
More Information	24
<b>BOOKKEEPING</b>	<b>25</b>
Billing	25
Billing Dealerships	25
Accepting Payment	26
Collections	28
Royalty Payments.	28
<b>BANKING PROCEDURES</b>	<b>28</b>
<b>OPERATIONAL &amp; FINANCIAL REPORTING</b>	<b>29</b>
Advertising Fees	29
Financial Statements	29
<b>GENERAL MANAGEMENT GUIDELINES</b>	<b>33</b>

<b>OFFICE &amp; EQUIPMENT MAINTENANCE</b>	<b>36</b>
Daily Office/Shop Cleaning	36
Weekly Office/Shop Cleaning	37
Monthly Office/Shop Cleaning	37
Vehicle Maintenance	38
Maintenance Schedule	39
<b>SAFETY AND SECURITY</b>	<b>40</b>
Accident Reporting and Investigation	41
Workers' Compensation issues	43
Fire Safety	43
Robbery	45
Burglary	46
<b>F-APPLICATION</b>	
<b>APPLICATION</b>	<b>i</b>
<b>PRODUCT KNOWLEDGE</b>	<b>1</b>
Technical Data Sheets (TDS)	1
Safety Data Sheets (SDS)	1
<b>LINE-X Material</b>	<b>2</b>
Product Matrix	3
<b>LINE-X APPLICATION EQUIPMENT</b>	<b>5</b>
GRACO E-XP2	5
GRACO Probler2 (P2)	5
GRACO Fusion	6
E-10	6
<b>DAILY DUTIES</b>	<b>7</b>
General Shop Start-Up Procedures	7
<b>DRUM CHANGE PROCEDURES</b>	<b>8</b>
<b>PRODUCT CHANGE PROCEDURES</b>	<b>9</b>
<b>LINE-X APPLICATION</b>	<b>10</b>
Applicator Responsibility	10
Required Personal Protective Equipment	10
Spray Techniques	11
Chemical Compatibility	12
Quality Control	12
Emblem Adhesive Instructions	12
<b>HVLP GUN SET UP</b>	<b>14</b>
<b>TOPCOATS</b>	<b>15</b>
<b>LINE-X XTRA®</b>	<b>15</b>
Mixing Colors for Bedliners	16
Automotive Color Mixing Chart	18
Water Contamination and Humidity Problems	18
<b>LINE-X ULTRA</b>	<b>18</b>
<b>LINE-X PREMIUM</b>	<b>20</b>
<b>REPAIRS</b>	<b>22</b>
<b>LINE-X PREMIUM Repair Procedure</b>	<b>23</b>
<b>LINE-X ULTRA Repair Procedure</b>	<b>25</b>
<b>LINE-X ULTRA ReNEW Procedure</b>	<b>26</b>
<b>TROUBLESHOOTING PROCEDURES</b>	<b>29</b>
Product Symptoms	29
Off Ratio	30
Spraying	30
<b>SAFETY CONSIDERATIONS</b>	<b>31</b>
Safety and MDI	31
Common Causes of Job-Site Accidents	36
Five Factors that Frequently Cause Accidents	37
Preventing Accidents	38
General Safety Guidelines	38
<b>G-COMMERCIAL &amp; INDUSTRIAL COATINGS</b>	
<b>COMMERCIAL &amp; INDUSTRIAL COATINGS</b>	<b>i</b>
<b>C&amp;I OVERVIEW</b>	<b>1</b>

<b>LIABILITY</b>	<b>2</b>
<b>DEFINITION OF TERMS</b>	<b>3</b>
<b>SURFACE PREPARATION</b>	<b>4</b>
Common Surface Preparation Methods	5
Surface Preparation Standards Cross Reference	6
Six Steps to a Successful Coating	8
Cleaning	9
Etching Methods	9
Conversions	11
<b>PRIMERS</b>	<b>13</b>
Wetting Primers	15
<b>COMMON SUBSTRATES</b>	<b>16</b>
Metal	16
Wood	18
Fiberglass	19
Concrete	20
Plastics	22
Composites	24
<b>RECOATING/REPAIRING FAST SET ELASTOMERS</b>	<b>25</b>
Recoating Elastomers	25
Repairing Elastomers	26
<b>SPRAY TECHNIQUES</b>	<b>27</b>
<b>TOPCOATS</b>	<b>28</b>
Topcoats Containing 100% Solids (No VOCs)	29
Topcoats Containing Solvents (VOCs)	29
Recoating Topcoats	31
<b>SPECIAL CONSIDERATIONS</b>	<b>32</b>
Tank Linings & Immersion Applications	32
<b>H-MOBILE INDUSTRIAL COATINGS</b>	
<b>MOBILE INDUSTRIAL COATINGS</b>	<b>i</b>
<b>MOBILE OVERVIEW</b>	<b>1</b>
<b>LIABILITY AND INSURANCE</b>	<b>1</b>
<b>EQUIPMENT</b>	<b>2</b>
<b>EXCLUSIVITY</b>	<b>2</b>
<b>TRAINING</b>	<b>3</b>
<b>BUSINESS SETUP</b>	<b>3</b>
<b>FRANCHISE STANDING</b>	<b>3</b>
<b>SUMMARY OF REQUIREMENTS</b>	<b>4</b>
<b>I-ACCESSORIES PROGRAM</b>	
<b>ACCESSORIES PROGRAM</b>	<b>i</b>
<b>ACCESSORIES OVERVIEW</b>	<b>1</b>
<b>LINE-X GEAR</b>	<b>2</b>
Gear Up!	4



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

---

**SAMPLE GENERAL RELEASE**  
**OF ALL CLAIMS**

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

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

1.            On                      , LINE-X LLC, a Delaware limited liability company ("LINE-X"), 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 an Owner's Guaranty and Assumption of Business Entity Franchisee's Obligations (the "Guaranty"). In consideration of LINE-X's processing and approval of                      , FRANCHISEE and GUARANTOR agree to this General Release as a condition of such                      . All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guaranty.

2.            For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR, along with their respective officers, directors, owners, agents, heirs, administrators, successors, and assigns (the "Releasors") hereby release and forever discharge LINE-X, its parents and subsidiaries and their respective officers, directors, owners, employees, attorneys, agents, successors, and assigns (the "Releasees") from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, at law or in equity, whether known or unknown (collectively the "Claims"), which arose on or before the date of this General Release, including any Claims with respect to the Franchise Agreement, the Franchised Business, the Premises, and the Guaranty. 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 that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

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:

By:  
Print Name:

**EXHIBIT G TO**  
**LINE-X 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**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

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

As listed on the cover page of the Disclosure Document, our website is [www.linex.com](http://www.linex.com) and [www.linexfranchise.com](http://www.linexfranchise.com), and has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at <https://dfpi.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 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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

Under the California Corporations Code section 31512.1 – Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

**CALIFORNIA**

**AMENDMENT TO FRANCHISE AGREEMENT**

The Franchise Agreement is specifically amended as follows:

1. In Section 20.2., the following language is deleted:

“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 (except for 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.”

2. The following language is added to Section 20.2 as replacement to above deletion:

“No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

Under the California Corporations Code section 31512.1 – Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

**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 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 a 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.

## ILLINOIS

### **ADDENDUM TO DISCLOSURE DOCUMENT**

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

Illinois law applies.
3. Illinois law governs the agreement(s) between the parties to this franchise.
4. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that arbitration may take place outside of Illinois. 815 ILCS 705/4 (West 2010)
5. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010)

**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 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.

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

3. 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.

**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 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(l) 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(g) 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. 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 3.7, "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 20., "ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.," (regarding acknowledgments) shall be supplemented by the following new paragraph as new paragraph 20.8:

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.

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 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 nonrenewal 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.

**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 2.2, "**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.

**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 LLC**

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## NEW YORK

### ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**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 FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above with regard to the franchisor or its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has 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.
- C. No such party 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; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a 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.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 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 that officer or general partner of the franchisor held this position in the company or partnership.

4. The following language is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), entitled “**Requirements for franchisee to renew or extend**,” and Item 17(l), entitled “**Conditions for franchisor approval of transfer**.”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following is added to the end of the “Summary” section of Item 17(i), entitled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

7. The following is added to the end of the “Summary” sections of Item 17(t), entitled “**Choice of forum**”, and Item 17(u), entitled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.



## **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(l) 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(h) 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.

Any requirement that Franchisee consent to termination penalties or liquidated damages may not be enforceable under North Dakota law.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

3. The following is added to the “Summary” section of Item 17(s) 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.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

4. The following is added to the “Summary” section of Item 17(p) entitled **Restrictive covenants**:

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(t) 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.

6. The following is added to the “Summary” section of Item 17(u) entitled **Choice of law**:

Item 17 (u) (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.

## NORTH DAKOTA

### ADDENDUM TO FRANCHISE AGREEMENT

1. The following is added to Section 3.7, "**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 20., "**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, "**RESTRICTIVE COVENANTS**," 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.

6. 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."

7. 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.

8. 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".

*[Signatures on Following Page]*

**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 LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**RHODE ISLAND**

**ADDENDUM TO DISCLOSURE DOCUMENT**

The following language is added to Item 17(t) 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 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.

**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 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.”

**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 LLC**

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## **WASHINGTON**

### **ADDENDUM TO DISCLOSURE DOCUMENT**

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with LINE-X LLC including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with LINE-X LLC including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by the franchisee shall not include rights under the Washington Franchise Investment Protection 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect LINE-X LLC's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.



**WASHINGTON**

**ADDENDUM TO FRANCHISE AGREEMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, 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, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

**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 LLC**

**Franchisee:** \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT H TO**  
**LINE-X LLC**  
**DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES AND THEIR OUTLETS**

<b>FRANCHISEE</b>	<b>STREET</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
Mat-Su LINE-X	8800 East Palmer-Wasilla Highway	Palmer	AK	99645	(907) 745-5500
LINE-X of Albertville	6468 US Hwy 431	Albertville	AL	35950	(256) 960-0780
LINE-X Custom Trucks Unlimited	1817 Opelika Rd	Auburn	AL	36830	(334) 704-0909
LINE-X of Trussville	3229 Veteran Circle Suite 111	Birmingham	AL	35235	(205) 655-1060
LINE-X of Cullman	101 Arnold St NW	Cullman	AL	35055	(256) 339-5075
LINE-X Decatur Customs	2302 Beltline Road SW	Decatur	AL	35601	(256) 355-4251
LINE-X of Eufaula	928 Pine Ave.	Eufaula	AL	36027	(334) 232-4106
LINE-X Custom Trucks Unlimited Huntsville	4510 Research Park Boulevard Northwest	Huntsville	AL	35806	(256) 721-1331
LINE-X of Mobile	4700 Rangeline Road	Mobile	AL	36619	(251) 666-8606
LINE-X of Montgomery	233 Gunn Road	Montgomery	AL	36117	(334) 272-0842
LINE-X of the Shoals	2625 Woodward Ave	Muscle Shoals	AL	35661	(256) 389-3917
LINE-X of Oxford	1321 Hamric Drive East	Oxford	AL	36203	(770) 861-3260
LINE-X of Pelham	2633 Pelham Parkway	Pelham	AL	35124	(205) 620-9070
LINE-X of Tuscaloosa	3640 Greensboro Ave	Tuscaloosa	AL	35401	(205) 248-8880
LINE-X of NWA	323 East Main Street	Farmington	AR	72730	(479) 856-6633
LINE-X of Little Rock	11421 Stagecoach Rd, Suite 1500	Little Rock	AR	72210	(501) 683-8408
LINE-X of Flagstaff	5100 Test Drive	Flagstaff	AZ	86004	(928) 543-9300
LINE-X Custom Shop	5101 W Maryland Ave	Glendale	AZ	85301	(623) 842-8748
Arizona LINE-X	21242 N. Black Canyon Hwy, Suite A	Phoenix	AZ	85027	(623) 516-8711
LINE-X of West Phoenix	7150 West Roosevelt Street	Phoenix	AZ	85043	(602) 757-7869
LINE-X of Tucson	275 E. Ft. Lowell Road	Tucson	AZ	85705	(520) 292-0828
LINE-X of Yuma	245 W. 32nd Street	Yuma	AZ	85364	(928) 726-9199
LINE-X of Bakersfield	6561 White Lane Avenue	Bakersfield	CA	93309	(559) 217-0066
LINE-X of Oxnard	90 South Wood Rd	Camarillo	CA	93010	(805) 981-0748
LINE-X of Chico	168 Commercial Avenue	Chico	CA	95973	(530) 895-1644
Clovis LINE-X	885 Clovis Ave	Clovis	CA	93612	(559) 323-5578
Corona LINE-X	2175 Sampson Ave, Suite 116	Corona	CA	92879	(951) 738-8320

TruckGear by LINE-X of Delano	1427 South Lexington Street	Delano	CA	93215	(661) 832-3093
LINE-X of El Cajon	1611 N. Magnolia Ave. #312	El Cajon	CA	92020	(619) 448-2400
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 Santa Barbara	59 Depot Road	Goleta	CA	93117	(805) 964-0640
South Bay LINE-X	5117 W Rosecrans	Hawthorne	CA	90250	(310) 322-9191
LINE-X of the Bay Area	25655 Dollar Street #1	Hayward	CA	94544	(925) 272-7666
LINE-X of Huntington Beach	17892 Metzler Lane	Huntington Beach	CA	92674	(714) 375-2833
LINE-X of Antelope Valley	42600 10th Street West Unit A	Lancaster	CA	93534	(661) 212-8292
LINE-X of Pasadena	1815 S. Myrtle Avenue	Monrovia	CA	91016	(626) 303-8647
LINE-X of Temecula	25795 Jefferson Avenue	Murrieta	CA	92562	(951) 297-0663
LINE-X of San Diego	2704 Transportation Avenue Suite A&B	National City	CA	91950	(619) 477-1796
LINE-X of Orange County	1104 W. Collins Ave	Orange	CA	92867	(714) 632-5656
Desert LINE-X	73605 Dinah Shore Drive #500	Palm Desert	CA	92211	(760) 999-1070
LINE-X Kustoms and Accessories	2961 E. LeLand Road	Pittsburg	CA	94565	(925) 427-5100
LINE-X of Placerville	161 Fair Lane	Placerville	CA	95667	(530) 295-1813
LINE-X of Porterville	788 W. Olive Avenue	Porterville	CA	93257	(559) 784-3878
LINE-X of Rancho Cordova	11355 Folsom Blvd.	Rancho Cordova	CA	95742	(916) 631-0339
Empire LINE-X	9261 Bally Court	Rancho Cucamonga	CA	91730	(909) 982-6663
LINE-X of Rocklin	6025 Pacific St	Rocklin	CA	95677	(916) 625-0245
LINE-X of South Coast	2126 S. Lyon	Santa Ana	CA	92705	(714) 647-9322
LINE-X of Silicon Valley	2351 De La 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 East Slauson Avenue, 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 of Simi Valley	2296 Agate Court	Simi Valley	CA	93065	(818) 335-3176
LINE-X of South LA	5901 Firestone Blvd	South Gate	CA	90280	(562) 776-8000
LINE-X of Stockton	720 East Hammer Lane, Suite A-3	Stockton	CA	95210	(209) 490-4498
Valley Line-X aka Line-X of North Hollywood	7900 Clybourn Ave Suite A	Sun Valley	CA	91352	(818) 503-4700
LINE-X of Torrance	22603 S Normandie Ave	Torrance	CA	90501	(310) 320-3332
Tri-Valley LINE-X	222 West Larch Road, Suite D	Tracy	CA	95304	(209) 839-8232
LINE-X of Tulare	1501 East Tulare Avenue	Tulare	CA	93274	(559) 688-1810

LINE-X of Turlock	1441 Freitas Park	Turlock	CA	95380	(209) 667-2975
LINE-X of Ukiah	3301 N. State St	Ukiah	CA	95482	(707) 463-2227
Visalia LINE-X	4125 West Noble Avenue #230	Visalia	CA	93277	(559) 713-0500
LINE-X of Woodland	2000 East Main Street, Suite A	Woodland	CA	95776	(530) 668-6550
LINE-X of Yuba Sutter	1100 Garden Hwy	Yuba City	CA	95991	(530) 671-7976
LINE-X of Boulder	2516 49th Street, Unit 3	Boulder	CO	80301	(303) 915-7371
LINE-X Total Truck Center	624 Atchison Way, Unit 102	Castle Rock	CO	80109	(720) 291-9741
LINE-X of Colorado Springs	4934 Northpark Drive	Colorado Springs	CO	80918	(719) 635-8626
LINE-X of Denver	80 East 62nd Avenue, Suite 106	Denver	CO	80216	(303) 308-0888
LINE-X of Durango	29465 Hwy 160 E	Durango	CO	81301	(970) 259-1662
LINE-X of Grand Junction	2475 Riverside Parkway	Grand Junction	CO	81505	(970) 243-0777
LINE-X of South Metro	6559 South Broadway	Littleton	CO	80121	(303) 471-2447
NoCo LINE-X and Truck Gear	187 14th St SE	Loveland	CO	80537	(970) 460-9198
LINE-X of Hartford	192 Ledyard St	Hartford	CT	6114	(860) 216-6180
LINE-X of New England	507 Danbury Rd, Unit 102	New Milford	CT	6776	(203) 994-5984
LINE-X of Connecticut	175 Freight Street, Rear Building	Waterbury	CT	6702	(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 Road, Suite A	Newark	DE	19711	(302) 738-4870
LINE-X of Sarasota	5115 15th Street East	Bradenton	FL	34203	(941) 527-1387
LINE-X of Cape Coral	916 SE 8th Place	Cape Coral	FL	33990	(239) 850-6051
LINE-X of Volusia County	313 North Tomoka Farms Rd	Daytona Beach	FL	32124	(386) 238-9743
LINE-X of Lauderdale	450 W McNab Road, Suite 7	Fort Lauderdale	FL	33309	(954) 969-7795
LINE-X of Southwest Florida	6150 Metro Plantation Rd.	Fort Meyers	FL	33966	(239) 745-8225
LINE-X of Treasure Coast	5435 S US Highway 1	Fort Pierce	FL	34982	(772) 461-5700
LINE-X of the Emerald Coast	219 Race Track Road NE	Fort Walton Beach	FL	32547	(850) 244-9400
LINE-X of the Nature Coast	12826 Highway 19	Hudson	FL	34667	(727) 863-4300
Safari Truck & SUV Accessories	4301-1 Blanding Blvd	Jacksonville	FL	32210	(904) 908-5337
Safari Truck & SUV Accessories East	4051 Philips Hwy, Suite 11	Jacksonville	FL	32207	(904) 908-5337
LINE-X of Lakeland	4117 Waring Road	Lakeland	FL	33811	(863) 581-9173
LINE-X of Central Miami	8600 Northwest South River Drive	Medley	FL	33166	(305) 887-8840

LINE-X of Brevard	105 SW Irwin Ave	Melbourne	FL	32904	(321) 733-5240
LINE-X of Ocala	4540 West Highway 40	Ocala	FL	34482	(352) 629-0067
LINE-X of Okeechobee	315 S Parrott Ave	Okeechobee	FL	34973	(863) 763-6434
LINE-X of Central Orlando	119 West Compton Avenue	Orlando	FL	32806	(407) 855-9889
LINE-X of Pensacola	7607 Flowers St.	Pensacola	FL	32506	(850) 455-8822
LINE-X of Palm Beach	8330 Currency Drive, Unit 3	Riviera Beach	FL	33404	(847) 778-6924
LINE-X of St. Cloud (FL)	6478 Way Point Blvd.	St. Cloud	FL	34771	(407) 361-1970
LINE-X of St. Petersburg	400 34th Street South	St. Petersburg	FL	33711	(727) 377-1733
LINE-X of Tallahassee	3342 Garber Drive	Tallahassee	FL	32303	(850) 510-0595
LINE-X of Tampa Bay	11802 Race Track Road	Tampa	FL	33626	(727) 446-7777
LINE-X of South Tampa	6925 E Adamo Dr	Tampa	FL	33619	(813) 627-9603
LINE-X of Greater Orlando	1080 Nursery Road, Suite. #1002	Winter Springs	FL	32708	(407) 388-1041
LINE-X Pro Coatings - LINE-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) 216-8303
LINE-X of Bainbridge	909 Dothan Road	Bainbridge	GA	39817	(229) 246-2111
LINE-X Custom Trucks Unlimited Columbus	1542 Manchester Expressway	Columbus	GA	31904	(706) 323-0250
LINE-X of North Georgia	385 Lumpkin County Parkway	Dahlonega	GA	30533	(706) 867-8000
LINE-X Country	1715 Cleveland Hwy. Ste B	Dalton	GA	30721	(706) 279-4028
LINE-X of South Atlanta	160 Tober Tr	Fayetteville	GA	30214	(818) 522-6159
LINE-X of Lanier	2312 Browns Bridge Road	Gainesville	GA	30504	(770) 535-2611
Liberty LINE-X & Accessories	305 West Oglethorpe Highway	Hinesville	GA	31313	(912) 920-7455
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
LINE-X of Rome	20 Armuchee Connector	Rome	GA	30161	(706) 676-4317
LINE-X of Alpharetta	11220 Alpharetta Highway E	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	Statesboro	GA	30458	(912) 225-6062
LINE-X of South Georgia	4498 ValNorth Drive	Valdosta	GA	31602	(229) 244-0020
LINE-X of Hilo	154 Holomua St, Suite 203	Hilo	HI	96720	(808) 961-2002
LINE-X of Centerville	1312 South 18th Street	Centerville	IA	52544	(641) 856-6328
LINE-X of Quad Cities	5405 N. Brady Street	Davenport	IA	52806	(563) 391-1077
LINE-X of Decorah	1817 Hwy 9 W	Decorah	IA	52101	(563) 380-1221
LINE-X of Dubuque	1055 Century Circle	Dubuque	IA	52002	(262) 605-0444
LINE-X of Iowa City	4172 Alyssa Ct. Unit B	Iowa City	IA	52240	(319) 339-0707

LINE-X of Cedar Rapids	1465 Blairs Ferry Road	Marion	IA	52302	(319) 294-0900
LINE-X of Ottumwa	15514 Blackhawk Road	Ottumwa	IA	52501	(641) 683-9334
LINE-X of West Bend	306 3rd Avenue Northeast	West Bend	IA	50597	(515) 320-3004
LINE-X of Boise	108 West 37th Street	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	1650 N Woodruff Ave.	Idaho Falls	ID	83401	(208) 520-9318
LINE-X of Magic Valley	193 Eastland Drive	Twin Falls	ID	83301	(208) 736-9333
LINE-X of South West Illinois	18 North 3rd Street	Belleville	IL	62220	(618) 222-1800
LINE-X of Canton	71 E Adler Rd	Canton	IL	61520	(309) 226-4444
LINE-X of Marion	3206 W Deyong Street, Suite A	Marion	IL	62959	(618) 997-7845
LINE-X of Montgomery (IL)	617 Montgomery Rd	Montgomery	IL	60538	(630) 851-5463
LINE-X of Mount Vernon	1419 S. 10th St.	Mount Vernon	IL	62864	(618) 242-6681
LINE-X of Northern Illinois	645 S Vermont St.	Palatine	IL	60067	(847) 202-3884
Central Illinois LINE-X	5619 N. Galena Rd.	Peoria Heights	IL	61616	(309) 633-1380
Great Lakes LINE-X	2510 Route 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	431 W Irving Park Road	Roselle	IL	60172	(630) 980-8020
LINE-X of Greater Illinois	1210 East State Street, Suite 3	Sycamore	IL	60178	(815) 991-2222
Southern Indiana Linings and Coatings	113 Industrial Way	Charlestown	IN	47111	(812) 206-7250
LINE-X of Columbus	1622 Southpark Ct, Suite A	Columbus	IN	47201	(812) 799-1355
LINE-X of Decatur	1311 South 13th St	Decatur	IN	46733	(260) 706-2001
LINE-X of Evansville	323 West Division Street	Evansville	IN	47710	(812) 491-9475
LINE-X of Fort Wayne	175 Grand National Drive	Fort Wayne	IN	46804	(260) 436-9274
Millennium LINE-X	905 North Raceway Rd	Indianapolis	IN	46234	(317) 209-8000
Millennium LINE-X South	4600 Bluff Road	Indianapolis	IN	46217	(317) 807-2000
LINE-X of Indianapolis	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 of Noblesville	15240 Herriman Boulevard	Noblesville	IN	46060	(317) 773-1460
LINE-X of Schererville	2041 US 41	Schererville	IN	46375	(219) 865-1000
LINE-X by Luxury and 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 of Wichita	167 S. Washington	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 Danville	935 Stanford Rd	Danville	KY	40422	(859) 583-0968
LINE-X of Northern Kentucky	3126 Dixie Highway, Building B	Erlanger	KY	41018	(859) 750-6556
LINE-X of Louisville	6011 Fern Valley Road	Louisville	KY	40228	(502) 961-0404
LINE-X of Morehead	25 Lake Park Dr	Morehead	KY	40351	(606) 784-1155
LINE-X of Murray	325 Robert O'Miller Rd	Murray	KY	42071	(270) 293-6927
LINE-X of Lexington	119 Howard St	Nicholasville	KY	40356	(859) 881-8181
LINE-X of Pikeville	100 Deskins Drive	Pikeville	KY	41501	(606) 437-1303
LINE-X of Radcliff	1571 N Dixie Blvd	Radcliff	KY	40160	(502) 417-0939
LINE-X of Richmond	234 North Keeneland Dr.	Richmond	KY	40475	(859) 624-2002
LINE-X of Somerset	47 Larrys Lane	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 Acadiana	826 Cajundome Blvd	Lafayette	LA	70506	(504) 463-3090
LINE-X Cape Cod	58 Plant Road	Barnstable	MA	2601	(508) 776-0716
LINE-X of Fall River	1591 Bay Street	Fall River	MA	2724	(508) 675-5422
LINE-X of Central Massachusetts	393 South St	Marlborough	MA	1752	(508) 485-2008
North Shore LINE-X	232 Ash Street	Reading	MA	1867	(781) 938-1965
LINE-X of West Springfield	52 Baldwin Street	West Springfield	MA	1089	(413) 507-2969
South Arundel LINE-X	1920 West Street	Annapolis	MD	21401	(433) 764-5840
Catonsville LINE-X	2076 Lord Baltimore Dr	Baltimore	MD	21244	(410) 455-0800
LINE-X by Global Truck Outfitters	14710 McMullen Hwy	Cresaptown	MD	21502	(301) 729-9290
Frederick LINE-X	5112 Pegasus Court, Suite Y	Frederick	MD	21704	(301) 360-9900
Bay LINE-X (Bamco LLC)	81 Dover Rd N.E. Suite A	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
LINE-X of Southern Maryland	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
Eldersburg LINE-X	5301 Enterprise St, Suite B	Sykesville	MD	21784	(410) 795-2746
LINE-X Protex	4521 Printers Court	White Plains	MD	20695	(301) 645-6555
LINE-X of Bangor	195 Thatcher St Suite 2	Bangor	ME	4401	(207) 990-3757

LINE-X of Augusta	509 Maine Avenue	Farmingdale	ME	4344	(207) 332-4034
LINE-X of Farmington (ME)	484 Wilton Road	Farmington	ME	4938	(207) 778-3334
LINE-X of Western Maine	70 Main Street	Paris	ME	4281	(207) 744-9835
LINE-X of Skowhegan	242 Madison Avenue	Skowhegan	ME	4976	(207) 474-3334
LINE-X of Portland	4 Thomas Drive Unit 4	Westbrook	ME	4092	(207) 878-2141
Tri City LINE-X	3737-C East Wilder Road	Bay City	MI	48706	(989) 671-9820
LINE-X of Brighton	5079 Canterbury Drive	Brighton	MI	48114	(810) 220-8482
LINE-X of Escanaba	1416 N Lincoln Rd	Escanaba	MI	49829	(906) 253-1639
LINE-X of Grand Blanc	1056 West Hill Road	Flint	MI	48507	(810) 695-9000
LINE-X of Gaylord	1510 Dickerson Rd	Gaylord	MI	49735	(989) 370-3530
LINE-X of Western Michigan	3608 47th St	Hamilton	MI	49419	(616) 252-1976
LINE-X of Lansing	2702 South Cedar Street Suite B	Lansing	MI	48910	(517) 394-1222
LINE-X of Monroe	15505 S. Telegraph Rd.	Monroe	MI	48161	(734) 243-5457
Monroe Truck and Auto Accessories	2915 East Apple	Muskegon	MI	49442	(231) 773-0005
LINE-X of Sault Saint Marie	2601 Ashmun Street	Sault Saint Marie	MI	49783	(906) 253-1639
LINE-X of Battle Creek	2150 W Dickman Rd	Springfield	MI	49037	(269) 963-5020
LINE-X of Sterling Heights	37562 Van Dyke Ave.	Sterling Heights	MI	48312	(586) 795-5599
Tri City LINE-X	225 Court Street	West Branch	MI	48661	(989) 345-7800
LINE-X of Grand Rapids	2290 28th Street SW	Wyoming	MI	49519	(616) 871-2699
LINE-X Pros	1160 Red Fox Road	Arden Hills	MN	55112	(651) 251-6834
The Body Works	14742 Dellwood Drive	Baxter	MN	56425	(505) 541-5772
LX Coatings	20725 Howland Avenue	Lakeville	MN	55044	(952) 469-6009
Mankato Industrial Coatings	58103 200th St	Mankato	MN	56001	(507) 625-4593
LINE-X of Rochester	1933 North Broadway	Rochester	MN	55906	(507) 281-5900
LINE-X of St. Cloud, MN	1010 County Road 138	Waite	MN	56387	(320) 529-8555
LINE-X of Jefferson County	2012 Sierra Parkway	Arnold	MO	63010	(636) 464-2300
LINE-X of Cape Girardeau	606 S Kings Highway	Cape Girardeau	MO	63703	(573) 382-4636
LINE-X Of Mid Missouri	1510B I-70 Complex Ct.	Columbia	MO	65201	(573) 777-9989
LINE-X of Farmington (MO)	4783 Flat River Road	Farmington	MO	63640	(573) 431-2902
LINE-X of Northeast Missouri	3705 N Baltimore St	Kirksville	MO	63501	(660) 282-2551



Jupe LLC dba Truck Works South	93 SE Oldham Parkway	Lee's Summit	MO	64081	(816) 525-7455
Show Me LINE-X dba Truck Works North	2340 Vernon Street	North Kansas City	MO	64116	(816) 842-4222
LINE-X of Rolla	E 1800 MO-72	Rolla	MO	65401	(573) 308-7661
LINE-X of St. Joseph	4410-A S. 40th Street	Saint Joseph	MO	64503	(816) 232-4048
LINE-X of St. Louis	8740 Watson Rd	Saint Louis	MO	63119	(314) 729-1300
LINE-X of Springfield	555 S Kansas Expressway	Springfield	MO	65806	(417) 719-4200
LINE-X of Missouri	1545 Cornerstone Drive	St. Charles	MO	63304	(636) 498-4477
Lake of the Ozarks LINE-X	16038 Missouri 5	Versailles	MO	65084	(660) 342-0258
MidSouth LINE-X - Olive Branch	8245 Hwy 178	Olive Branch	MS	38654	(662) 420-7995
LINE-X of Jackson (MS)	5219 Hwy 80E	Pearl	MS	39208	(972) 516-9580
LINE-X of Kalispell	1035 W Center Street	Kalispell	MT	59901	(406) 253-5399
LINE-X of Missoula	2904 W. Broadway	Missoula	MT	59808	(406) 541-2119
LINE-X of Asheville	1575 Patton Ave.	Asheville	NC	28806	(828) 606-8819
LINE-X of South Charlotte	185 Corporate Boulevard	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 Pink Hill	601 N Kinston Blvd	Pink Hill	NC	28572	(252) 568-3474
LINE-X of Raleigh	4810 Signett Drive	Raleigh	NC	27616	(919) 559-1161
Crystal Coast LINE-X	105 Seth Thomas Ln., Unit 1&2	Swansboro	NC	28584	(910) 326-1226
LINE-X of Wilmington	6121 Market Street	Wilmington	NC	28405	(910) 769-6900
LINE-X of Wilson	1425 Thorne Avenue	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 (NC)	199 Forlines Road	Winterville	NC	28590	(252) 341-4634
LINE-X of Bismarck / Mandan	3936 Memorial Hwy	Mandan	ND	58554	(701) 667-2199
LINE-X of Mayville	935 3rd Street SE	Mayville	ND	58257	(701) 524-1200
LINE-X of Wahpeton	17915 ND-13	Wahpeton	ND	58075	(701) 642-3773
Fargo LINE-X	1265 Main Ave East Suite C	West Fargo	ND	58078	(701) 281-1015
LINE-X of Williston	508 2nd Street East	Williston	ND	58801	(701) 826-2000
LINE-X of Grand Island	2401 East US Hwy 30	Grand Island	NE	68801	(308) 381-2755
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 North Platte	1820 East Philip #3	North Platte	NE	69101	(308) 221-6005
LINE-X of Irvington	10043 Scott Circle	Omaha	NE	68122	(402) 509-2100

LINE-X of Bow	1125 Route 3A	Bow	NH	3304	(603) 224-7792
Upper Valley LINE-X	275 NH RT 118	Canaan	NH	3741	(603) 523-4442
Tri City LINE-X (Dover)	1 Sumner Dr	Dover	NH	3820	(603) 742-9800
LINE-X of Southern New Hampshire	156 Lowell Rd, Bldg 2 Unit 2	Hudson	NH	3051	(603) 821-7272
LINE-X of Keene	38 Foundry Street	Keene	NH	3431	(603) 352-0396
LINE-X Littleton, NH	1419 Mt. Eustis Rd.	Littleton	NH	3561	(603) 444-0362
LINE-X of Tilton	491 Laconia Road	Tilton	NH	3276	(603) 528-0888
LINE-X of South Jersey	158 South White Horse Pike	Audubon	NJ	8106	(856) 546-8439
New Jersey Line-X	8W Chimney Rock Rd.	Bound Brook	NJ	8805	(732) 560-8500
LINE-X of Monmouth County	2 Industrial Drive	Keyport	NJ	7735	(732) 722-2955
LINE-X of Albuquerque	2019 Menaul Blvd. NE	Albuquerque	NM	87107	(505) 764-1971
LINE-X Coatings of Clark County	7485 Commercial Way Ste 180	Henderson	NV	89011	(702) 434-9274
LINE-X of Las Vegas	2901 South Highland Drive	Las Vegas	NV	89109	(702) 848-6449
LINE-X of Reno	254 East Glendale Avenue	Sparks	NV	89431	(775) 355-0710
LINE-X of Central New York	3577 RTE 31	Baldwinsville	NY	13027	(315) 638-1036
LINE-X of Bath	7334 New York 54	Bath	NY	14810	(607) 622-4444
LINE-X of Albany	1991 Central Avenue	Colonie	NY	12205	(518) 452-8468
LINE-X of Western New York	50 Burkhardt Ave	Depew	NY	14043	(716) 686-9133
FLX LINE-X	875 State Route 5 & 20	Geneva	NY	14456	(315) 694-0408
LINE-X of Jamestown	3067 Fluvanna Ave Extension	Jamestown	NY	14701	(716) 720-5120
LINE-X of Rochester	1965 Buffalo Rd	Rochester	NY	14624	(585) 319-4185
LINE-X of Orange County NY	1022 New York 52	Walden	NY	12586	(347) 810-0489
LINE-X of Long Island	639 Sunrise Highway	West Babylon	NY	11704	(631) 422-0300
LINE-X of Westchester	689 McLean Avenue	Yonkers	NY	10704	(914) 969-7987
LINE-X of North 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	671 Cincinnati-Batavia Pike	Cincinnati	OH	45245	(513) 752-7500
LINE-X of Central Ohio	6540A Huntley Road	Columbus	OH	43229	(614) 430-3733
LINE-X of Central Ohio 2	3925 Business Park Drive	Columbus	OH	43204	(614) 430-3733
LINE-X of Dayton	400 Conover Dr	Franklin	OH	45005	(937) 641-8816
LINE-X of Streetsboro	5170 Hudson Drive, Suite E	Hudson	OH	44236	(330) 422-0370
LINE-X of Lancaster	541 Mill Park Drive, Suite A	Lancaster	OH	43130	(740) 689-9991
LINE-X of Marietta (OH)	221 Pike Street	Marietta	OH	45750	(740) 374-3154
LINE-X of Toledo	203 West Sophia St.	Maumee	OH	43537	(419) 891-0566

LINE-X of Akron-Medina	387 Medina Road, Suite 1000	Medina	OH	44256	(330) 474-0614
LINE-X of Newark (OH)	1410 East Main St.	Newark	OH	43055	(740) 345-4639
LINE-X of Greater Cleveland	10800 Royalton Road	North Royalton	OH	44133	(216) 403-2278
LINE-X of Lake County	1717 Mentor Avenue	Painesville	OH	44077	(440) 352-7062
LINE-X of Salem	29657 Tower Rd.	Salem	OH	44460	(330) 222-1100
LINE-X of Troy	1421 South Market Street	Troy	OH	45373	(937) 335-0560
LINE-X of Chickasha	631 East Choctaw Avenue	Chickasha	OK	73018	(405) 224-8900
LINE-X of Broadway	13716 North Lincoln Suite A	Edmond	OK	73013	(405) 844-7230
LINE-X of Lawton	844 SE 1st Street	Lawton	OK	73501	(580) 355-6154
LINE-X Customs OKC	5809 Southwest 5th St	Oklahoma City	OK	73128	(405) 778-8878
LINE-X of Shawnee	529 North Harrison Street	Shawnee	OK	74801	(405) 214-5463
LINE-X of Stillwater	5703 E 6 <sup>th</sup> Ave	Stillwater	OK	74074	(405) 743-0911
LINE-X of Tulsa	4418 South Mingo Road	Tulsa	OK	74146	(918) 665-4639
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 Gresham	4250 NE 148th Ave.	Portland	OR	97230	(503) 261-7367
Starbucks Midvalley LINE-X	1635 Silverton Rd NE	Salem	OR	97301	(503) 540-0096
LINE-X of Clatsop County	781 Avenue A	Seaside	OR	97138	(503) 440-6145
LINE-X of Tualatin	10005 SW Tualatin Sherwood Rd	Tualatin	OR	97062	(503) 855-3519
Auto Truck Outfitters	104 Wilmington West Chester Pike	Chadds Ford	PA	19601	(610) 459-1758
LINE-X of Crawford County	13266 State Hwy 198	Conneautville	PA	16406	(814) 587-0035
Steel City LINE-X	245 Freeport Road	Creighton	PA	15030	(724) 334-9856
LINE-X of Erie	3063 W 26th Street	Erie	PA	16506	(814) 835-0549
Delaware Valley LINE-X	21 N. York Road Ste 4	Hatboro	PA	19040	(215) 441-5727
LINE-X of Kingston (PA)	29 Carle St	Kingston	PA	18704	(570) 288-6311
LINE-X of Latrobe	3514 Rt. 30 West	Latrobe	PA	15650	(724) 879-4143
LINE-X of Cumberland County	5253 East Simpson Ferry Rd.	Mechanicsburg	PA	17050	(717) 458-8404
LINE-X of Milroy	5015 Old US Highway 322, Suite B	Milroy	PA	17063	(717) 667-3921
LINE-X of Pine Grove	151 Molleystown Road	Pine Grove	PA	17963	(570) 345-6161
LINE-X of Lehigh Valley	1155 Doylestown Pike	Quakertown	PA	18951	(215) 536-1235
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 Vogel song Rd.	York	PA	17404	(717) 430-2866
LINE-X of Pittsburgh North	22311 Perry Highway	Zelienople	PA	16063	(724) 831-1135
LINE-X of Anderson	701 Pearman Dairy Road	Anderson	SC	29625	(864) 261-3177
LINE-X of Greenville	1000 Woodruff Rd	Greenville	SC	29607	(864) 438-4700
LINE-X of the Carolinas	1660 Calhoun Road	Greenwood	SC	29649	(864) 378-3700
LINE-X Columbia (SC)	4319 Augusta Road, Suite F	Lexington	SC	29073	(803) 201-5133
LINE-X of Lugoff	1572 Whiting Way	Lugoff	SC	29078	(803) 438-0900
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) 426-8629
LINE-X of Rock Hill	3839 Celanese Road	Rock Hill	SC	29732	(803) 327-8838
LINE-X of Spartanburg	9080 Warren H Abernathy Hwy	Spartanburg	SC	29301	(864) 595-0091
Black Hills LINE-X Bedliners	1161 Deadwood Ave #1	Rapid City	SD	57702	(605) 343-5323
LINE-X of Sioux Falls	609 N Kiwanis Ave, Suite A	Sioux Falls	SD	57104	(605) 370-3577
LINE-X of Watertown	501 Oakwood Road	Watertown	SD	57201	(701) 213-2012
LINE-X of Atoka	2058 Tipton Rd	Atoka	TN	38004	(901) 406-8259
LINE-X of Chattanooga	5911 Quintus Loop	Chattanooga	TN	37421	(423) 888-3717
LINE-X of Clarksville	424 Bellamy Lane	Clarksville	TN	37043	(931) 320-0043
LINE-X of Cleveland (TN)	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 Jackson (TN)	1032 US Hwy 45 Bypass	Jackson	TN	38301	(731) 524-5795
LINE-X of Knoxville	8812 Kingston Pike	Knoxville	TN	37923	(865) 693-3776
LINE-X of Nashville	813 East Old Hickory Blvd.	Madison	TN	37115	(615) 865-1002
MidSouth LINE-X	5900 Summer Ave	Memphis	TN	38134	(901) 383-9470
Lakeway LINE-X	2478 Brights Pike	Morristown	TN	37814	(423) 317-0222
LINE-X of Murfreesboro	2240 NW Broad Street	Murfreesboro	TN	37129	(615) 427-4700
LINE-X of Amarillo	312 South Crockett Street	Amarillo	TX	79106	(806) 374-1842
LINE-X of East Austin	9621 North Interstate 35 Frontage Road	Austin	TX	78753	(512) 444-8677
LINE-X of Fort Worth	8155 A Hwy 80 West	Benbrook	TX	76116	(817) 244-6500
LINE-X of the Texas Hill Country	31125 I-10 West	Boerne	TX	78006	(830) 755-4555
LINE-X of Brownsville	1717 Boca Chica Blvd	Brownsville	TX	78521	(956) 621-0686
LINE-X of Johnson County	1736 North Main St	Cleburne	TX	76033	(817) 558-4466
LINE-X of Conroe	2346 FM 1484 Road	Conroe	TX	77303	(936) 539-1010

Arc-Rite Welding and Truck Accessories	5555 Hwy 90 West	Del Rio	TX	78840	(830) 774-6058
Metroplex LINE-X	3939 South I-35 East	Denton	TX	76210	(940) 243-6264
LINE-X of El Paso	5855 Montana Ave	El Paso	TX	79925	(915) 772-1488
LINE-X of North Dallas	11419 Ferrell Drive #104	Farmers Branch	TX	75234	(469) 269-6536
LINE-X Custom Trucks Unlimited Grapevine	706 E NW Highway	Grapevine	TX	76051	(817) 527-7073
LINE-X Custom Trucks Unlimited North Richland Hills	5837 Denton Highway	Haltom City	TX	76148	(817) 576-3833
LINE-X of Harker Heights	108 West FM 2410 Rd	Harker Heights	TX	76548	(254) 690-1763
LINE-X of Round Rock	600 Lemens Avenue	Hutto	TX	78634	(360) 990-3079
LINE-X of Katy	1303 Price Plaza Drive	Katy	TX	77449	(281) 717-2200
LINE-X of Laredo	502 E. Calton Rd.	Laredo	TX	78041	(956) 712-8933
LINE-X of Austin	10209 East Crystal Falls Parkway	Leander	TX	78641	(512) 528-6038
LINE-X of Lubbock	8901 U.S. 87	Lubbock	TX	79423	(806) 370-6295
LINE-X of Marble Falls	1415 S Hwy 281	Marble Falls	TX	78654	(830) 262-0180
LINE-X of McKinney-Frisco	1513 S Tennessee St	McKinney	TX	75069	(469) 269-6336
LINE-X of New Braunfels	3185 S. Interstate 35	New Braunfels	TX	78130	(830) 214-0580
LINE-X of Odessa	2027 East 8th Street	Odessa	TX	79761	(432) 300-0030
LINE-X of McAllen	2905 N Sugar Rd	Pharr	TX	78577	(956) 686-4778
LINE-X Trucks & Stuff	4050 Premier Dr Ste 400	Plano	TX	75023	(972) 516-9580
LINE-X Custom and Accessories	403 S. Highway 342	Red Oak	TX	75154	(972) 617-3161
LINE-X of Rockwall	2045 Kristy Ln.	Rockwall	TX	75032	(214) 417-1282
LINE-X of San Angelo	5444 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
Alamo Truck Gear	12834 San Pedro Ave	San Antonio	TX	78216	(210) 366-4422
LINE-X of Texoma	2810 Texoma Parkway	Sherman	TX	75090	(903) 870-2040
LINE-X of Houston	130 Magic Oaks Drive, Suite B	Spring	TX	77388	(281) 288-6828
LINE-X of Sulphur Springs	1315 Industrial Drive W	Sulphur Springs	TX	75482	(903) 885-5327
LINE-X of Tyler	11190 State Highway 64	Tyler	TX	75707	(903) 747-8161
LINE-X of Waco	7712 Central Park Dr	Waco	TX	76712	(254) 732-1024
LINE-X of Midvale	7000 South State Street	Midvale	UT	84047	(801) 255-1512
LINE-X of Chesapeake	1720 South Park Court, Suite D	Chesapeake	VA	23320	(757) 938-9188
LINE-X of Lynchburg	1313 Thomas Jefferson Road	Forest	VA	24551	(434) 525-8878
LINE-X of Fredericksburg	712 B Warrenton Road	Fredericksburg	VA	22406	(540) 361-1949
LINE-X of Harrisonburg	3620 South Main Street	Harrisonburg	VA	22801	(540) 208-7762

Old Dominion LINE-X	227 E Poythress St	Hopewell	VA	23860	(804) 778-7400
LINE-X of Manassas	12085 Cadet Court	Manassas	VA	20109	(703) 393-0001
LINE-X of Richmond	6405 Dickens Place, Suite F	Richmond	VA	23230	(804) 321-9166
LINE-X of Northern VA (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) 490-8848
LINE-X of Woodbridge	847 Highas Court	Woodbridge	VA	22191	(703) 499-9442
Virginia LINE-X	7205-D Route 17	Yorktown	VA	23692	(757) 877-2328
LINE-X Plus	3508 C Street Northeast	Auburn	WA	98002	(253) 735-1220
LINE-X @ 410	28120 St Rt 410 C-1	Buckley	WA	98321	(360) 829-5372
LINE-X of Burlington	1851 Bouslog Rd	Burlington	WA	98233	(360) 395-2170
Twin Cities LINE-X	2635 NE Kresky Ave	Chehalis	WA	98532	(360) 740-4660
LINE-X of Kirkland	13205 NE 124th St	Kirkland	WA	98034	(425) 820-5809
LINE-X of Longview	1416 Tennant Way	Longview	WA	98632	(360) 423-2877
Emerald City LINE-X	17709 Hwy 99	Lynnwood	WA	98037	(850) 244-9400
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	110 S Sherman Street	Spokane	WA	99202	(509) 326-3364
LINE-X of Olympia	5403 Capitol Blvd SW	Tumwater	WA	98501	(360) 709-0363
LINE-X of Vancouver	3214 Northeast 65th Street	Vancouver	WA	98661	(360) 258-0199
LINE-X of Wenatchee	601 S Wenatchee Ave	Wenatchee	WA	98801	(509) 664-5123
LINE-X of Clintonville	N2885 Pioneer Road	Clintonville	WI	54929	(715) 823-8917
LINE-X of Eagle River	1050 East Wall Street	Eagle River	WI	54521	(715) 479-4401
LINE-X of Fond du Lac	N5580 County Road D	Fond du Lac	WI	54937	(608) 397-9525
LINE-X of NE 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 Fox Valley	2200 Tower Drive	Kaukauna	WI	54130	(920) 462-4608
LINE-X of Kenosha	7426 12th Street	Kenosha	WI	53144	(262) 605-0444
LINE-X of Madison	4016 Terminal Drive, Suite D	McFarland	WI	53558	(608) 838-0879
LINE-X of Milwaukee	5200 N 124th Street	Milwaukee	WI	53225	(262) 781-2345
LINE-X of Central Wisconsin	1680 County Road XX	Rothschild	WI	54474	(715) 355-0509
LINE-X of Southwestern Wisconsin	1500 W Hwy 16, Suite A	West Salem	WI	54669	(608) 786-4403
LINE-X of North Central WV	3854 Corbin Branch Road	Bridgeport	WV	26330	(304) 592-3800
LINE-X of Nitro	4200 First Ave	Nitro	WV	25143	(304) 755-0036
Ellingford Brothers dba Ellingford LINE-X	221 County Rd	Evanston	WY	82930	(307) 789-8280

**EXHIBIT I TO**  
**LINE-X LLC**  
**DISCLOSURE DOCUMENT**

---

**LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS  
UNDER THE FRANCHISE AGREEMENT  
AS OF SEPTEMBER 30, 2023**

The 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.

<b>FRANCHISEE</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
LINE-X of Gadsden	Nathan Johnson	Gadsden	AL	35903	(256) 492-5925
LINE-X of Conejo Valley	John Spar	Newbury Park	CA	91320	(805) 376-9200
LINE-X of Pueblo	RJ Ortiz	Pueblo	CO	81007	(719) 560-0906
LINE-X of Douglas	Don Wildes	Douglas	GA	31533	(912) 383-6666
T&T LINE-X LLC	Scott Tscherter	Nevada	IA	50201	(515) 382-1445
LINE-X of Des Moines	Lance Arrasmith	Des Moines	IA	50313	(515) 265-4467
Northern Michigan LINE-X	Jamie Marsh	Traverse City	MI	49686	(231) 947-2600
LINE-X of Livonia	Andrew Leese	Livonia	MI	48150	(734) 237-1797
LINE-X of Bozeman	John Chepulis	Bozeman	MT	59718	(406) 586-0488
Adirondack LINE-X	Marilyn Otto	Queensbury	NY	12804	(518) 745-1001
LINE-X of Williamsport	Matthew Slavinsky	Muncy	PA	17756	(570) 655-4514
LINE-X of Stroudsburg	David Borger	Mount Bethel	PA	18343	(610) 452-3259
LINE-X of Red River	Pete Braswell	New Boston	TX	75570	(903) 908-1680
LINE-X of South Houston	Steven Lee	Houston	TX	77047	(832) 607-0881
LINE-X of Winchester	Morrie Clark	Winchester	VA	22602	(540) 868-0400
LINE-X of Norton	Ron Norris	Norton	VA	24273	(760) 983-8044
LINE-X of the Blue Ridge	Randall Zirkle	Salem	VA	24153	(540) 389-8595

**FRANCHISEES WHO NEVER OPENED**

<b>FRANCHISEE</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
LINE-X of Pueblo	RJ Ortiz	Pueblo	CO	81007	(719) 560-0906

**FRANCHISEES WHO TRANSFERRED A STORE DURING FISCAL YEAR 2023**

<b>FRANCHISEE</b>	<b>CONTACT</b>	<b>CITY</b>	<b>STATE</b>	<b>ZIP</b>	<b>PHONE</b>
LINE-X of Round Rock	Heather Watkins	Hutto	TX	78634	(512) 642-5406
Palm Beach LINE-X	Mike Deluca	Riviera Beach	FL	33404	(561) 848-1070
LINE-X of McKinney/Frisco	Jason Cook	McKinney	TX	75069	(469) 269-6536
LINE-X of Lynchburg	Greg Stanley	Forest	VA	24551	(434) 525-8878
LINE-X of Dubuque	Mike Remakel	Dubuque	IA	52002	(563) 588-1858
LINE-X of Huntington Beach	Nathaniel Beckett	Huntington Beach	CA	92647	(714) 375-2833
East Texas LINE-X of Monroe	Billy Crowson	Sulphur Springs	TX	75482	(903) 885-5327
LINE-X of West Phoenix	Matt Bigham	Phoenix	AZ	85043	(602) 757-7869



## EXHIBIT J TO

### LINE-X LLC DISCLOSURE DOCUMENT

---

#### 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 Franchisees 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 Franchisees)
- 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
- 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.**
- ☐ **I have attached my business resale certificate/sales tax permit.**

Please complete this form, sign, and fax this document to 1-800-861-8319 or scan and email to **BSTEWARD@LINEX.COM**.

Franchise Store Name: \_\_\_\_\_

Franchise Address: \_\_\_\_\_

Franchise Phone Number: \_\_\_\_\_

Franchise Number: \_\_\_\_\_

Franchise Owner Name: \_\_\_\_\_

Franchise Owner Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT K TO**  
**LINE-X LLC**  
**DISCLOSURE DOCUMENT**

---

**STATE EFFECTIVE DATES**

**State Effective Dates**

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT L TO  
LINE-X 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 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 requires 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 requires 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 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 LLC, located at 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217. The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Blair Boggs, Michael McAllister, Bob Kenna, Richard Kent Henderson, William Scott Harmon, Tim Tyrka, Chris Ferguson, Evan Allen, Sean Ferguson, James R. Graham, Brian Stewart, Greg Fields, Rebecca Morse, Drew Zaras, Blaine Babb, Brad Almand, Jacob Motley, Matt Labuda, Henry Chedraoui, Bob Ackerman and Ken Stallings, , all at 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217, (980) 600-8010.

LINE-X LLC authorizes the agents listed in Exhibit A to receive service of process for it. Issuance Date: December 19, 2023  
I have received a Franchise Disclosure Document dated December 19, 2023. This Disclosure Document included the following Exhibits:

- A. List of State Agents for Service of Process and State Administrators
- B. B-1 Franchise Agreement and Exhibits  
B-2 Legacy Franchisee Incentive Addendum to Franchise Agreement  
B-3 Multi-Unit Operator Addendum to Franchise Agreement  
B-4 Co-Branding Addendum to Franchise Agreement  
B-5 Forbearance Agreement  
B-6 Lease Addendum to Franchise Agreement
- C. Financial Statements
- D. Statement of Prospective Franchisee
- E. Table of Contents of The Operations Manual
- F. Sample 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. Franchise Data Release Authorization and Confidentiality Agreement
- K. State Effective Dates
- L. Receipts

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
Date

*Keep this copy for your records*

**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 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 requires 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 requires 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 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 LLC, located at 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217. The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Blair Boggs, Michael McAllister, Bob Kenna, Richard Kent Henderson, William Scott Harmon, Tim Tyrka, Chris Ferguson, Evan Allen, Sean Ferguson, James R. Graham, Brian Stewart, Greg Fields, Rebecca Morse, Drew Zaras, Blaine Babb, Brad Almand, Jacob Motley, Matt Labuda, Henry Chedraoui, Bob Ackerman and Ken Stallings, all at 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217, (980) 600-8010.

LINE-X LLC authorizes the agents listed in Exhibit A to receive service of process for it. Issuance Date: December 19, 2023. I have received a Franchise Disclosure Document dated December 19, 2023. This Disclosure Document included the following Exhibits:

- A. List of State Agents for Service of Process and State Administrators
- B. B-1 Franchise Agreement and Exhibits  
B-2 Legacy Franchisee Incentive Addendum to Franchise Agreement  
B-3 Multi-Unit Operator Addendum to Franchise Agreement  
B-4 Co-Branding Addendum to Franchise Agreement  
B-5 Forbearance Agreement  
B-6 Lease Addendum to Franchise Agreement
- C. Financial Statements
- D. Statement of Prospective Franchisee
- E. Table of Contents of The Operations Manual
- F. Sample 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. Franchise Data Release Authorization and Confidentiality Agreement
- K. State Effective Dates
- L. Receipts

---

(Signature)

---

(Print Name)

---

Date

*Please sign this copy of the receipt, date your signature, and return it to 4001 Yancey Road, Suite C-200, Charlotte, North Carolina 28217*