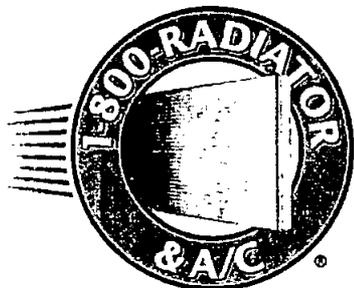


FRANCHISE DISCLOSURE DOCUMENT



1-800-RADIATOR FRANCHISOR SPV LLC
a Delaware limited liability company
4401 Park Road
Benicia, CA 94510
TEL: (707) 747-7400
FAX: (707) 747-7401
FranchiseSales@1800radiator.com
www.1800radiator.com
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The franchise described in this disclosure document is for the operation of a distribution warehouse(s) using the name "1-800-RADIATOR & A/C®," which will sell radiators, condensers, air conditioning compressors, fan assemblies, and other automotive parts to automobile repair shops, fleets, chain accounts and retail consumers. Additional automotive parts are currently being developed and tested and may be added to the System. They include fuel pumps, exterior body parts, starters and alternators.

The total investment necessary to begin operation of a 1-800-RADIATOR & A/C® Start-up Warehouse franchise is ~~\$345,500~~\$345,500 to ~~\$661,000~~\$691,000. This includes ~~\$225,000~~\$255,000 to ~~\$375,000~~\$405,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a 1-800-RADIATOR & A/C® Re-sale Warehouse franchise is \$238,500 to \$2,724,000. This includes \$180,000 to \$2,530,000 that must be paid to the franchisor or its 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 a payment 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 Franchise Administration at 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 or (704) 377-8855, or John Hanrahan at 4401 Park Road, Benicia, California 94510 or (707) 747-7400, Hanrahan@1800radiator.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Ace Companies have not engaged in business with us or our franchise system, nor have they offered franchises. The Ace Companies are our affiliates solely as a result of common ownership.

Other than as described above, no bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

In this disclosure document, all amounts paid to us or our affiliates prior to opening your Warehouse are considered "initial fees." All of the initial fees described in this Item 5 are the same for all 1-800-RADIATOR & A/C® franchisees unless otherwise specified.

START-UP WAREHOUSE

Initial Franchise Fee

When you sign the Franchise Agreement (Exhibit "B" to this disclosure document), you must pay to us an initial fee of ~~\$15,000~~45,000 (the "Initial Franchise Fee") for your Warehouse. We charge the Initial Franchise Fee uniformly to all franchisees for Start-up Warehouses. Our affiliates may acquire franchises to own and operate 1-800-RADIATOR & A/C® franchises for discounted initial franchise fees. The Initial Franchise Fee is non-refundable.

RFI sold 3 Start-up Warehouses in the fiscal year ended December 31, 2014. The initial franchise fee was waived due to the size or demographics of the territories.

Warehouse Equipment Package

Before opening your Warehouse, you must purchase a Warehouse Equipment Package for \$30,000, which will include the items listed in Attachment 2 to the Franchise Agreement that we complete prior to the execution of the Franchise Agreement. This amount is imposed uniformly among all franchisees for Start-up Warehouses and is non-refundable.

Opening Marketing Package

If you are purchasing a company-owned 1-800-RADIATOR & A/C® Warehouse from us or our affiliate, or purchasing an existing 1-800-RADIATOR & A/C® Warehouse from an existing franchisee, you must pay up to \$30,000 for the Opening Marketing Package ("Opening Marketing Package"). This amount is used at our discretion, at any time before or after the reopening of your Warehouse, to cover expenses related to helping you set up and market your Warehouse, including travel, lodging, salaries, food, promotional and marketing materials, mailers, outbound phone sales calls, organizing inventory (including purchasing additional inventory that we may require), conducting marketing activities in your Territory, or providing onsite remedial training to you or your employees. Promotional and marketing materials may include door hangers, t-shirts, notepads, stickers and other promotional items. We will provide you with an accounting of the amounts spent on the Opening Marketing Package and you will only be billed the actual costs of such items. This amount is non-refundable.

(10) In addition to any additional fees found due as a result of an audit of your financial records, you must pay us our audit fees if you have understated Gross Sales by more than 2% of the actual Gross Sales found by the audit.

(11) If we acquire a competitor in your Territory, we may sell some or all of the purchased assets to you and you agree to pay a portion of the acquisition price for the assets which typically include the competitor's inventory and customer accounts. Your payments will be calculated based on our estimate of the first one or 2 years of new sales that may be generated from the acquired business and paid in equal installments during the first 12 months following the acquisition in most cases. You may also be required to make additional investments in things such as, without limitation, additional sales vehicles, inventory, computers and/or phone lines. You also agree to hire any additional employees needed to service the acquired business.

(12) Attorneys' fees also relate to the indemnification provision of Section 11.2 of the Franchise Agreement. You may also be responsible for costs and other expenses incurred by on behalf of us in the investigation of or defense against any and all applicable claims.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – START-UP WAREHOUSE

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$15,000 <u>45,000</u>	Lump Sum	Signing of Franchise Agreement	Us
Warehouse Equipment Package (2)	\$30,000	Lump Sum	3 Weeks before opening Warehouse	Our Affiliate
Opening Marketing Package (3)	\$30,000	Lump Sum	2 Weeks before opening Warehouse	Us
Travel and Living Expenses While Training (5)	\$2,500 - \$5,000	As Incurred	During Training	Airlines, Hotels and Restaurants
Lease Deposit (6)	\$2,000 - \$5,000	As negotiated with Landlord	Signing of Lease	Lessor
Delivery Vehicle (7)	\$5,000 - \$12,000	As Incurred	Before Opening	Suppliers
Miscellaneous Opening Costs (8)	\$25,000 - \$75,000	As Incurred	Before Opening	Suppliers, Utilities, Etc.
Opening Inventory (9)	\$150,000 - \$300,000	Lump Sum	Before Opening	Our Affiliate to remit to Approved Suppliers for purchase through the Network
Rent for first 3 months	\$6,000 - \$39,000	As Incurred	Monthly	Lessor
Additional Funds - 3 months (10)	\$50,000 - \$150,000	As Incurred	As Incurred	Employees, Suppliers and Utility

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Total Estimated Initial Investment (excluding real estate purchase costs) (11)	\$315,500 345,500 - \$664,000 691,000			

NOTES:

- (1) The Initial Franchise Fee is non-refundable.
- (2) Our Warehouse Equipment Package is required for all Start-up Warehouses. See Item 8 for a description of the Warehouse Equipment Package. We require you to sign a Conditional Assignment of Telephone Numbers and Internet Addresses, the current form of which is attached to this disclosure document as Exhibit "H."
- (3) Before your Warehouse opens, you must pay to us \$30,000 for the Opening Marketing Package. This amount is used at our discretion, at any time before or after the opening of your Warehouse, to cover expenses related to helping you set up and market your Warehouse, including travel, lodging, salaries, food, promotional and marketing materials, mailers, outbound phone sales calls, organizing inventory (including purchasing additional inventory that we may require), conducting marketing activities in your Territory, or providing on-site remedial training to you or your employees. Promotional and marketing materials may include door hangers, t-shirts, notepads, stickers and other promotional items. We will provide you with an accounting of the amounts spent on the Opening Marketing Package. This amount is non-refundable.
- (4) Training is tuition-free, but you must pay for the expenses of attendance, such as lodging, meals, transportation and wages of trainees for 2 weeks of training. (See Item 11)
- (5) A typical 1-800-RADIATOR & A/C® Warehouse contains approximately 2,500 to 10,000 square feet of warehouse space. Your Warehouse may be larger or smaller, and your actual costs will vary depending upon the size and location of your Warehouse. A lease normally requires payment of the first month's rent and a deposit equal to a second month's rent. The initial investment assumes you will rent. If you purchase the premises, your initial investment will increase dramatically. The majority of owners in the Network lease their buildings due to the potential need to increase space as new products are developed and approved for sale throughout the Network.
- (6) Delivery vehicles relates to the expense of transportation of parts to a customer. This estimate is based on a typical 1-800-RADIATOR & A/C® Warehouse needing one vehicle per approximately 15 parts delivered per day. There currently are no requirements or specifications for delivery vehicles.
- (7) This includes business licenses and other pre-paid expenses. You must obtain all necessary business permits, franchise and approvals to operate the Warehouse. You should also have funds for one year's estimated insurance premium for property and liability insurance. The cost of insurance varies depending on many factors such as driving records and where you or your driver lives. You should contact your insurance agent and obtain an

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1-800-RADIATOR & A/C®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") dated _____, 20__ is between 1-800-Radiator Franchisor SPV LLC, a Delaware limited liability company ("we", "us" or "our"), and _____ ("you" or "your"), a legal entity organized in the State of _____, and the principal(s) identified on the signature page of this Agreement (the "Principals").

RECITALS

A. We, our predecessors and affiliates have originated a distinctive concept and type of business for the ordering and distribution through warehouses of radiators, condensers, air conditioning compressors, fan assemblies (the "Core Products"), and other automotive parts and related services we may designate and permit you to distribute from time to time under terms and conditions we provide ("Additional Products") (the Core Products and Additional Products are collectively referred to herein as the "Products") under the name 1-800-RADIATOR® and 1-800-RADIATOR & A/C® and other names (the "Business").

B. The Business includes distribution of these Products to automotive repair shops, parts stores, body shops and other repair shops ("Shops"), individual car enthusiasts, "do it yourselfers" and other car owners ("Retail Customers") and national and regional chains of Shops and fleet owners ("Chain Accounts").

C. The Business is operated under a system (the "System") which consists in part of an electronic network (the "Network") for maintaining close inventory management and a specialized computerized customer ordering, sales and delivery and reporting database; Internet marketing; telemarketing; advertising, signs and other materials; specially designed software; equipment layout plans; product ordering and sales techniques; and presentation and other business techniques, systems and procedures and an Operations Manual as described herein (the "Manual," as currently written and as it may be revised and updated in the future).

D. We use and license others to use various trademarks and service marks employed in the Business (the "Marks"), and we are willing to franchise others to operate franchised Businesses using the System and Marks.

E. You wish to purchase a 1-800-RADIATOR & A/C® franchise from us upon the terms, conditions and provisions contained in this Agreement and in the Manual and to operate a franchised Business pursuant to the System and using the Marks.

THEREFORE, the parties hereby agree as follows:

ARTICLE 3: FEES

3.1 Fees

As partial consideration for the franchise rights granted to you in this Agreement, you will pay us:

(a) If this Agreement relates to a start-up Warehouse, an “**Initial Franchise Fee**” of ~~Fifteen~~Forty-Five Thousand Dollars (~~\$15,000.00~~\$45,000.00) upon signing this Agreement. The Initial Franchise Fee is fully earned when paid and is not refundable. If you are purchasing an existing company-owned Warehouse, you will not be required to pay us an Initial Franchise Fee; and

(b) An ongoing weekly “**Franchise Fee**” in an amount equal to eight percent (8%) of the Gross Sales, as defined in Section 3.5 below, from the Franchised Business as payment for the continuing right to use the System and the Marks; and

(c) “**Marketing Fees**” as described in Section 8.3 below; and

(d) “**Administrative Fee**” and “**Late Payment Penalty**” as described in Section 3.4 below.

3.2 Credit Card Processing Fees

At your option, we or our designee will process credit card payments for customers of the Warehouse during the Term of this Agreement. If we or our designee provide such services, then you must pay us or our designee our then-current processing fee for all credit card transactions processed by us or our designee (the “**Credit Card Processing Services Fee**”). The Credit Card Processing Services Fee must be paid weekly along with your Franchise Fee and Marketing Fees (or as otherwise specified in the Manual). We may change the amount of the Credit Card Processing Services Fee or discontinue the credit card processing services at any time upon thirty (30) days’ prior written notice to you. There is no assurance or guarantee as to the ultimate success of the credit card process due to declines, charge-backs, and other similar circumstances. We have no obligation other than to exercise our standard procedures for processing credit card payments. We do not warrant the timing, collectability or disbursement of any amounts owed to you by anyone. If you are unsatisfied with the credit card processing services, you may set up your own service locally but will still be charged for orders processed through our system.

3.3 No Fees Refundable

You agree that no fees payable under this Agreement are refundable in whole or part under any circumstances and that all such fees have been fully earned by us by the grant of this franchise.

3.4 Payment of Fees

(a) You agree to pay us the Franchise Fee and Marketing Fee (the “**Fees**”), inventory payments and any other amounts due through the Network or required under this Agreement, on a regular basis each week by automatic debits or as otherwise designated in