THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas
R. Scott Sprouse, Circuit Court Judge

Appellate Case No. 2017-00260

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SC Court of Appeals

ARCpoint of Tallahassee, Inc., Greg Bowman d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint Labs of Nashville; Gary Patrone d/b/a On Trac Holdings, Inc. d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs Of Phoenix – Black Canyon, Employer's Choice Testing, LLC, Michael Gammel d/b/a Blue Lizard, Inc., Florence Ods, Inc., Myrtle Beach Ods, Inc., 3 Sons Ventures, Inc.; Jumpr2, Incorporated, Neil Seltz and Lesly Datlow d/b/a Shamey, LLC, Respondents,

v.

ARCpoint Franchise Group f/k/a Accudiagnostics, LLC and ARCpoint Occupational Solutions, LLC, Appellants.

RECORD ON APPEAL VOLUME 1 OF 5

David W. Overstreet
Michael B. McCall
Earhart Overstreet LLC
P.O. Box 22528
Charleston, SC 29413
(843) 972-9400

Natalma M. McKnew
Smith Moore Leatherwood LLP
2 W. Washington Street, Suite 1100
Greenville, SC 29601
(864) 751-7800

Attorneys for Appellants

Joshua L. Howard
Womble Bond Dickinson (US) LLP
P.O. Box 10208
Greenville, SC 29603
(864) 255-5406

Jeffrey C. Blumenthal
Law Offices of Jeffrey C. Blumenthal
2970 Maria Avenue, Suite #223
Northbrook, IL 60062
(847) 498-3220

Attorneys for Respondents

RECORD ON APPEAL
INDEX

VOLUME 1

Orders

Order granting in part and denying in part Defendants' Motion to Dismiss and Compel Arbitration entered September 20, 2017.....1

Order denying Defendants' Motion to Reconsider, Alter and Amend entered October 11, 2017.....11

Pleadings

Plaintiffs' Summons and Complaint and exhibits filed June 20, 2017.....13

Exhibit 1 – AP Tallahassee Norris Franchise Agreement.....64
Exhibit 2 – AP Nashville Bowman Franchise Agreement.....116
Exhibit 3 – On Trac Patrone Franchise Agreement.....162
Exhibit 4 – Employer's Choice Hudson Franchise Agreement.....216
Exhibit 5 – Blue Lizard Gammell Franchise Agreement.....284
Exhibit 6 – Florence ODS Lewis Franchise Agreement.....373
Exhibit 7 – Myrtle Beach ODS Lewis Franchise Agreement.....426

VOLUME 2

Exhibit 8 – 3 Sons Regan Franchise Agreement.....475
Exhibit 9 – JumpR2 Franchise Agreement.....542
Exhibit 10 – Shamey Seltz-Datlow Franchise Agreement.....640
Exhibit 11 – Shamey Seltz-Datlow Franchise Agreement.....707
Exhibit 12 – Shamey Seltz-Datlow Franchise Agreement.....774
Exhibit 13 – Shamey Seltz-Datlow Franchise Agreement.....842
Exhibit 14 – Blumenthal "Notice of Default" Letter.....923
Exhibit 15.....929
Exhibit 16 – AOS Service Agreement.....933
Exhibit 17 – State of SC Intent to Award.....947
Exhibit 18 – SC Dept. of Consumer Affairs Letter.....953
Exhibit 19.....956

VOLUME 3

Motions

Defendants' Motion to Dismiss and Compel Arbitration and exhibits, Filed July 20, 2017.....958

Exhibit 1 – AP Tallahassee Norris Franchise Agreement.....962
Exhibit 2 – AP Nashville Bowman Franchise Agreement.....1015
Exhibit 3 – On Trac Patrone Franchise Agreement.....1072
Exhibit 4 – Employer's Choice Hudson Franchise Agreement.....1131
Exhibit 5 – Blue Lizard Gammell Franchise Agreement.....1207

VOLUME 4

Exhibit 6 – Florence ODS Lewis Franchise Agreement.....1267
Exhibit 7 – Myrtle Beach ODS Franchise Agreement.....1333
Exhibit 8 – 3 Sons Regan Franchise Agreement.....1400
Exhibit 9 – JumpR2 Franchise Agreement.....1469
Exhibit 10 – Shamey Seltz-Datlow Franchise Agreement.....1540
Exhibit 11 – Shamey Seltz-Datlow Franchise Agreement.....1620

VOLUME 5

Exhibit 12 – Shamey Seltz-Datlow Franchise Agreement.....1711
Exhibit 13 – Shamey Seltz-Datlow Franchise Agreement.....1790

Memorandum in Support of Motion to Dismiss and Compel Arbitration with Affidavit of Felix Mirando, III and Addendum ("Excerpts of Exhibits 3, 6, and 9") filed August 21, 2017.....1860

Response in Opposition to Defendants' Motion to Dismiss and Compel Arbitration, filed August 22, 2017.....1939

Defendants' Motion to Reconsider, Alter and Amend Pursuant to Rules 52 and 59, SCRCP, filed September 29, 2017.....1954

Transcripts

Transcript of Record, Hearing on Motion to Dismiss and Compel Arbitration, August 24, 2017.....1965

Exhibits

Court exhibits from hearing on Motion to Dismiss and Compel Arbitration, August 24, 2017.....1994

Other Materials

Notice of Appeal filed October 27, 2017.....1998

South Carolina Secretary of State Business Entities Online Filing Profile of ARCPoint Occupational Solutions, LLC.....2015

Certificate of Counsel.....2016

ELECTRONICALLY FILED - 2017 Sep 20 9:56 AM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF GREENVILLE	)	
	)	C.A. No. 2017-CP-23-03986
ARCPOINT OF TALLAHASSEE, INC., GREG BOWMAN d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint Labs of Nashville; GARY PATRONE d/b/a On Trac Holdings, Inc. d/b/a Arcpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix- Black Canyon, EMPLOYER'S CHOICE TESTING, LLC MICHAEL GAMMEL d/b/a Blue Lizard, Inc., FLORENCE ODS, INC. MYRTLE BEACH ODS, INC. 3 SONS VENTURES, INC; JUMPR2, INCORPORATED, NEIL SELTZ AND LESLY DATLOW d/b/a Shamey, LLC	)	
Plaintiffs,	)	
v.	)	
ARCPOINT FRANCHISE GROUP, LLC. f/k/a Accudiagnositcs, LLC and ARCPOINT OCCUPATIONAL SOLUTIONS, LLC	)	
Defendants.	)	

ORDER ON DEFENDANTS' MOTION TO DISMISS AND COMPEL ARBITRATION

This matter is before the court on Defendants ARCPoint Franchise Group, LLC ("AFG") and ARCPoint Occupational Solutions, LLC's ("AOS") (collectively "Defendants") Motion to Dismiss and Compel Arbitration as to all claims and parties in the matter. A hearing on Defendants motion was held on August 24, 2017 at the Greenville County Courthouse. Prior to the hearing, both Defendants and Plaintiffs submitted memorandum to the court.

AFG's motion is premised upon the arbitration clause contained in the ARCPoint Franchise Group, LLC Franchise Agreements ("Franchise Agreement") attached as exhibits 1 - 13 to Defendants' motion. Defendant AOS, a non-signatory to the Franchise Agreements, seeks

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to compel arbitration with regard to all claims and parties in the case on a theory of equitable estoppel.

Plaintiffs oppose Defendants motion for the following reasons:

1. Plaintiffs assert Defendants' motion should be denied as a matter of law as the Franchise Agreements signed by the Plaintiffs are not in compliance with South Carolina law.
2. In the alternative, Plaintiffs assert that Defendant AOS' motion to dismiss and compel arbitration should be denied as a matter of law because as between AOS and the Plaintiffs there is no agreement to arbitrate. In addition, Plaintiffs assert that AOS is not entitled to an order of equitable estoppel because (a) the AFG arbitration agreement is contractually limited to "the parties" therefore AOS is not entitled to an order expanding the scope of the arbitration agreement on a theory of equitable estoppel and (b) the claims against AFG and AOS are sufficiently distinct such that AOS cannot meet its burden to establish equitable estoppel.
3. In the alternative, Plaintiffs Florence ODS, Inc. and Myrtle Beach ODS, Inc. assert they are not subject to arbitration as a matter of law because they specifically reserved their right to a jury trial in the mutually agreed addendum to their Franchise Agreements.

BACKGROUND

Plaintiffs are the owner/operators of several franchises of AFG. Plaintiffs each signed the ARCPoint Franchise Group, LLC Franchise Agreements ("Franchise Agreement") on or before October 17, 2013. The arbitration clause provides as follows:

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> This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United State Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. A single Arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.
>
> Franchisee acknowledges that is has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud duress or undue influence on the part of the Franchisor or any of Franchisor's agents or employees.

Defendant AOS is a related/affiliated entity to AFG. According the records of the South Carolina Secretary of State, AOS was incorporated on November 12, 2013, which is after all of the franchise agreements between AFG and the Plaintiffs were executed. As specifically set forth in the Complaint, the matter involves allegations by the Plaintiff that AFG engaged in acts in breach of the AFG Franchise Agreement, as well as other activities in violation of South Carolina statutory and common law. AOS is further alleged to have engaged in activities separate and apart from AFG in violation South Carolina statutory and common law.

ANALYSIS

After careful consideration of the memorandum, exhibits, relevant case law and the arguments of counsel, the court finds as follows:

First, in their addendums to their February 6, 2013 Franchise Agreements, Plaintiffs Florence ODS, Inc. and Myrtle Beach ODS, Inc. unambiguously reserved their right to a jury trial. Specifically, Florence ODS, Inc. included the following handwritten term: "I do not wish

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to waive our right to a jury trial". The addendum was signed by company President Felix Mirando on behalf of AFG. Likewise, Myrtle Beach ODS, Inc. included the following handwritten term: "Do not wish to waive our rights to a jury trial". The addendum was as well signed by company President Felix Mirando on behalf of AFG. Defendants assert that Florence ODS, Inc.'s and Myrtle Beach ODS, Inc.'s reservations are factually limited to those disputes that are not subject to arbitration. The court finds Defendants' assertion without merit.

By including this term, Florence ODS and Myrtle Beach ODS did definitively reserve the right to a jury trial as their means of dispute resolution. By signing the addendum, AFG agreed to the term. The court therefore finds as a matter of law Florence ODS and Myrtle Beach ODS' jury trial reservations valid and enforceable.

Article I, section 14 of the South Carolina Constitution declares that "[t]he right of trial by jury shall be preserved inviolate." The Florence ODS and Myrtle Beach ODS hand written jury trial reservations were specifically included and mutually agreed to in an addendum to the Franchise Agreement modifying the default terms of the Franchise Agreements. Because the right to a jury trial cannot be preserved in arbitration, the court finds the two provisions of the Franchise Agreement in direct conflict. In this matter, the jury trial reservation is included within a later, negotiated addendum modifying the default terms of the Franchise Agreement. The court finds as a matter of law that the reservation modifies the default terms of the Franchise Agreement and specifically voids the conflicting arbitration clause. As such, the court finds that the Defendants have no basis in law to compel Plaintiffs Myrtle Beach ODS and Florence ODS to arbitrate. Therefore, Defendants motion as to dismiss and compel Myrtle Beach ODS and Florence ODS to arbitrate is denied.

ELECTRONICALLY FILED - 2017 Sep 20 9:56 AM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Next, with respect to Plaintiffs ARCpoint of Tallahassee, Inc. ("AP Tallahassee"), Greg Bowman d/b/a Bowman Lab Solutions, Inc. d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint of Nashville ("AP Nashville"), Gary Patrone d/b/a On Trac Holdings, Inc. d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix-Black Canyon ("On Trac Holdings"), Employer's Choice Testing, LLC ("Employer's Choice"), Michael Gammel d/b/a Blue Lizard, Inc. ("Blue Lizard"), 3 Sons Ventures, Inc. ("3 Sons"), JumpR2, Incorporated ("JumpR2"), and Neil Seltz and Lesly Datlow d/b/a Shamey, LLC ("Shamey"), Defendant AFG asserts that the arbitration clause is valid and enforceable. The court agrees.

In opposition, Plaintiffs argue that the Franchise Agreement's Choice of Law provision requires the court apply South Carolina law to determine the construction of the Franchise Agreement, enforceability and arbitrability. Plaintiffs assert that in drafting the Choice of Law provision, AFG contractually bound itself to apply South Carolina law to determine arbitrability of the Franchise Agreements. Plaintiffs argue that the agreement to apply South Carolina law to questions of arbitrability requires that the contract adhere specifically to South Carolina's statutory provisions requiring that notice of arbitration be affixed to the first page of the agreement in underlined capital letters. See S.C. Code Ann. § 15-48-10. Plaintiffs argue that the failure to supply the statutorily required notice renders the arbitration clause unenforceable as a matter of law. The court disagrees with the Plaintiffs and finds their assertions without merit.

The court finds the arbitration clause in the Franchise Agreements of ARCpoint of Tallahassee, Inc. ("AP Tallahassee"), Greg Bowman d/b/a Bowman Lab Solutions, Inc. d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint of Nashville ("AP Nashville"), Gary Patrone d/b/a On Trac Holdings, Inc. d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix-Black Canyon ("On Trac Holdings"), Employer's Choice Testing, LLC

ELECTRONICALLY FILED - 2017 Sep 20 9:56 AM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

("Employer's Choice"), Michael Gammel d/b/a Blue Lizard, Inc. ("Blue Lizard"), 3 Sons Ventures, Inc. ("3 Sons"), JumpR2, Incorporated ("JumpR2"), and Neil Seltz and Lesly Datlow d/b/a Shamey, LLC ("Shamey") valid and enforceable. As such, Defendants motion to dismiss AFG and compel the arbitration of all claims against AFG is hereby granted.

Finally, Defendant AOS is a non-signatory to the AFG Franchise Agreement. As such, AOS cannot compel arbitration as a matter of law. AOS asserts that because AFG's arbitration clause is valid and enforceable, AOS is entitled to compel arbitration as a non-signatory on the basis of equitable estoppel. AOS principally relies upon Pearson v. Hilton Head Hosp., 400 S.C. 281, 733 S.E.2d 597 (Ct. App. 2012) in support of its assertion. AOS asserts that the claims against AOS and AFG are "substantially interdependent" and/or "intertwined" such that the court should apply principals of equitable estoppel to compel Plaintiffs to arbitrate with AOS as a non-signatory.

In opposition, Plaintiffs assert that equitable estoppel is not available to AOS because (1) the arbitration clause cannot extend to AOS in equity because the agreement specifically limits arbitration to "disputes ... between the parties" to the Franchise Agreement, *i.e.* AFG and the Plaintiffs. (2) Alternatively, Plaintiffs assert that AOS is not entitled to equitable estoppel because AOS did not exist at the time of signing the Franchise Agreement, could not have been within the contemplation of the parties at the time of the Agreements, and Plaintiffs' claims against AOS are independent and, at best, tangentially related to the claims against AFG.

"Arbitration is a matter of contract, and a party cannot be required to submit to arbitration any dispute that he or she has not agreed to submit. Because arbitration rests on the agreement of the parties, the range of issues that can be arbitrated is restricted by the terms of the agreement." Faltaous v. Anderson Ocean Club Dev., LLC, 388 S.C. 45, 48, 693 S.E.2d 434, 435 (Ct. App.

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2010). In this matter, the court finds as a matter of law that the AFG arbitration clause is unambiguously and specifically limited to "disputes ... between the parties" to the Franchise Agreement. As a result, to expand the contractually agreed scope of the arbitration clause to AOS, a nonsignatory, on principals of equitable estoppel would be improper and inequitable. See Kroma Makeup EU, LLC v. Boldface Licensing + Branding, Inc., 845 F.3d 1351 (11th Cir. 2017) (holding that principals of equitable estoppel could not be applied to extend an arbitration clause that was limited to "the parties". The court concluded that it would be "effectively ... rewriting the agreement between the signatories about which disputes they would arbitrate to require one of them to arbitrate disputes that they had not agreed to."); World Rentals & Sales, LLC v. Volvo Constr. Equip. Rents, Inc., 517 F.3d 1240, 1247, (11th Cir. 2008) (holding "the arbitration provisions in the Franchise Agreements are expressly limited to the immediate parties (Volvo Rents and World Rentals), and they expressly exclude any affiliates such as Volvo Finance. In other words, the language of the arbitration provisions expressly and unambiguously exclude from their scope any dispute between the World Parties and Volvo Finance. Thus, we are constrained to conclude that the district court correctly refused to compel Volvo Finance to arbitrate on an incorporation-by-reference theory. Any other result would not only "unduly stretch," but completely rewrite the arbitration clause, and compel a non-party to arbitrate in the absence of ever having agreed to do so in the first place."). Because the arbitration clause in the Franchise Agreement is restricted to disputes between the parties, of which AOS is not, the court must deny AOS' motion to dismiss and compel arbitration.

Additionally, even if the arbitration clause was not restricted as set forth above, the court otherwise denies AOS' motion because the court finds AOS's claim of equitable estoppel without merit. First, without dispute, AOS did not exist until after each of the Plaintiffs'

Franchise Agreements' was executed. For this reason, AOS could not have been within the contemplation of the parties at the time of execution. As such, absent some agreement between AFG and Plaintiffs after AOS' incorporation, which does not exist, no principal of law or equity permits the court to extend the arbitration clause to AOS as a beneficiary or otherwise. Next, the law instructs that in order for the court to exercise its discretion to apply equitable estoppel to compel the Plaintiffs to arbitrate with a non-signatory, the record must establish that the claims against AFG and AOS are substantially interdependent and/or intertwined. After reviewing the record before the court, the court disagrees with AOS' assertion that it is entitled to equitable estoppel. The court finds that the claims against AFG and AOS are not substantially interdependent and/or intertwined such that equitable estoppel applies. The allegations and claims of the Plaintiffs against AOS are independent of AFG.[1] For this reason, the court would also deny AOS' motion to dismiss and compel arbitration.

[1] The court is aware that AFG and AOS are parties to a claim of civil conspiracy. However, co-conspirators are not necessary or indispensable parties. See State of Georgia v. Pennsylvania R. Co., 324 U.S. 439 (1945); Atl. Textiles v. Avondale Inc., 505 F.3d 274, 284 (4th Cir. 2007) (... coconspirators are not necessary parties.... The presence of only one defendant in a given arbitration proceeding thus in no sense would prevent the plaintiffs from proving the existence of a conspiracy.").

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It is therefore,

ORDERED that Defendants combined motion to dismiss and compel the arbitration of all claims by Plaintiffs Florence ODS, Inc. and Myrtle Beach ODS, Inc. is denied. It is further

ORDERED that Defendant AOS' motion to dismiss and compel the arbitration of all claims by the Plaintiffs is denied. It is further

ORDERED that Defendant AFG's motion to dismiss and compel the arbitration of all claims by Plaintiffs ARCpoint of Tallahassee, Inc. ("AP Tallahassee"), Greg Bowman d/b/a Bowman Lab Solutions, Inc. d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint of Nashville ("AP Nashville"), Gary Patrone d/b/a On Trac Holdings, Inc. d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix-Black Canyon ("On Trac Holdings"), Employer's Choice Testing, LLC ("Employer's Choice"), Michael Gammel d/b/a Blue Lizard, Inc. ("Blue Lizard"), 3 Sons Ventures, Inc. ("3 Sons"), JumpR2, Incorporated ("JumpR2"), and Neil Seltz and Lesly Datlow d/b/a Shamey, LLC ("Shamey") is granted. These Plaintiffs are directed to file their Demand for Commercial Arbitration with the American Arbitration Association

IT IS SO ORDERED.

_____
The Honorable R. Scott Sprouse
Thirteenth Judicial Circuit

September _____, 2017

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Greenville Common Pleas

Case Caption: ARCpoint Of Tallahassee Inc , plaintiff, et al vs. Arcpoint Franchisee Group Llc , defendant, et al

Case Number: 2017CP2303986

Type: Order/Dismissal

s/R. Scott Sprouse, Judge #2752

Tenth Judicial Circuit

ELECTRONICALLY FILED - 2017 Oct 11 8:34 AM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

STATE OF SOUTH CAROLINA COUNTY OF GREENVILLE	)	IN THE COURT OF COMMON PLEAS
	)	C.A. No. 2017-CP-23-03986
ARCPOINT OF TALLAHASSEE, INC., GREG BOWMAN, *et al.* Plaintiffs, v. ARCPOINT FRANCHISE GROUP, LLC., *et al.* Defendants.	)	Order Denying Defendant's Motion For Reconsideration and Modification

PRESIDING JUDGE: R. SCOTT SPROUSE
DATE OF HEARING: AUGUST 24, 2017
PLAINTIFF'S ATTORNEY: JOSHUA HOWARD
DEFENDANT'S ATTORNEY: MICHAEL MCCALL

After careful consideration of the able argument and filings of Counsel and review of the record, the Court is unable to discover any material fact or principle of law that either has been overlooked or disregarded and further finds no error of law or fact not appropriately considered. Accordingly, the Defendant's Motion, pursuant to Rule 59, SCRCP, [1] is DENIED.

AND, IT IS SO ORDERED.

The Honorable R. Scott Sprouse
Thirteenth Judicial Circuit

October _____, 2017

[1] The Court, in its discretion, has determined this Motion on the filings, without oral argument, pursuant to Rule 59(f), SCRCP.

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Greenville Common Pleas

Case Caption: ARCpoint Of Tallahassee Inc , plaintiff, et al vs. Arcpoint Franchisee Group Llc , defendant, et al

Case Number: 2017CP2303986

Type: Order/Other

s/R. Scott Sprouse, Judge #2752

Tenth Judicial Circuit

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF GREENVILLE	)	
	)	C.A. No. 2017-CP-23-_____
ARCPOINT OF TALLAHASSEE, INC., GREG BOWMAN d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint Labs of Nashville; GARY PATRONE d/b/a On Trac Holdings, Inc. d/b/a Arcpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix- Black Canyon, EMPLOYER'S CHOICE TESTING, LLC MICHAEL GAMMEL d/b/a Blue Lizard, Inc., FLORENCE ODS, INC. MYRTLE BEACH ODS, INC. 3 SONS VENTURES, INC; JUMPR2, INCORPORATED, NEIL SELTZ AND LESLY DATLOW d/b/a Shamey, LLC	)	**SUMMONS**
Plaintiffs,	)	
v.	)	
ARCPOINT FRANCHISE GROUP, LLC. f/k/a Accudiagnositcs, LLC and ARCPOINT OCCUPATIONAL SOLUTIONS, LLC	)	
Defendants.	)	

TO: THE ABOVE NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your answer to the said complaint on the subscribers at their office at WOMBLE CARLYLE SANDRIDGE & RICE, PLLC, 550 S. Main Street, Suite 400, P.O. Box 10208, Greenville, SC 29603, within thirty (30) days after the service hereof, exclusive of the day of such service. If you fail to answer the Complaint within the time aforesaid, the plaintiff in this action will apply to the Court for a judgment by default for the relief demanded in the Complaint.

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Respectfully Submitted,

By: *s/ Joshua L. Howard*

Joshua L. Howard (Bar No. 70260)
Womble Carlyle Sandridge & Rice, LLP
P.O. Box 10208
Greenville, SC 29603
Telephone: 864.255.5406
Email: JHoward@wcsr.com

Of counsel:

Jeffrey C. Blumenthal, Esq.
Karl L. Felbinger, Esq.
Jeffrey C. Blumenthal Chartered
2970 Maria Avenue, Suite # 223
Northbrook, Illinois 60062
T:(847) 498-3220
F: (847) 498-3221
E-mail: jeffrey@jcblawyer.com.

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STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	
COUNTY OF GREENVILLE)	
)	C.A. No. 2017-CP-23-_____
ARCPOINT OF TALLAHASSEE, INC., GREG BOWMAN d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint Labs of Nashville; GARY PATRONE d/b/a On Trac Holdings, Inc. d/b/a Arcpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix- Black Canyon, EMPLOYER'S CHOICE TESTING, LLC MICHAEL GAMMEL d/b/a Blue Lizard, Inc., FLORENCE ODS, INC. MYRTLE BEACH ODS, INC. 3 SONS VENTURES, INC; JUMPR2, INCORPORATED, NEIL SELTZ AND LESLY DATLOW d/b/a Shamey, LLC)	
Plaintiffs,)	JURY TRIAL REQUESTED
v.)	
ARCPOINT FRANCHISE GROUP, LLC. f/k/a Accudiagnositcs, LLC and ARCPOINT OCCUPATIONAL SOLUTIONS, LLC)	
Defendants.)	

COMPLAINT

Plaintiffs, ARCpoint of Tallahassee, Inc. ("AP Tallahassee"), Greg Bowman d/b/a Bowman Lab Solutions, Inc. d/b/a Bowman Lab Solutions, Inc. d/b/a ARCpoint of Nashville ("AP Nashville"), Gary Patrone d/b/a On Trac Holdings, Inc. d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix-Black Canyon ("On Trac Holdings"), Employer's Choice Testing, LLC ("Employer's Choice"), Michael Gammel d/b/a Blue Lizard, Inc. ("Blue Lizard"), Myrtle Beach ODS, Inc. ("Myrtle Beach ODS"), Florence ODS, Inc. ("Florence ODS), 3 Sons Ventures, Inc. ("3 Sons"), JumpR2, Incorporated ("JumpR2"), Neil Seltz and Lesly Datlow d/b/a Shamey, LLC ("Shamey") for their Complaint against Defendants ARCpoint Franchisee Group f/k/a AccuDiagnostics, LLC ("AFG") and ARCpoint Occupational Solutions, LLC.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

PARTIES AND COMMON FACTS

1) Defendant, ARCpoint Franchise Group, LLC, formerly known as AccuDiagnostics, LLC ("AFG"), is a South Carolina Limited Liability Company with its principal place of business located at 220 North Main Street, Suite 325, Greenville, South Carolina 29601.
2) AFG is in the business of franchising businesses that facilitate drug and alcohol testing, DNA, clinical lab testing and employment/background screening (the "ARCpoint Franchise Business") to entities and persons like the Plaintiffs in this case.
3) AFG entered into Franchise Agreements with each of the Plaintiffs, pursuant to which each Plaintiff was granted an exclusive territory in which to operate the ARCpoint Franchise Business.
4) Defendant, ARCpoint Occupational Solutions, LLC ("AOS") is a South Carolina Limited Liability Company with its registered agent being located at the same address as AFG.
5) AOS employs a number of the same key personnel as AFG and has some common ownership with AFG. AFG holds AOS out as an affiliate and/or as a division of AFG.
6) On information and belief, with the knowledge and approval of AFG, AOS operates and offers the same business services and products that ARCpoint Franchisees offer to all persons and entities throughout the United States. As such, AOS is a competitor of the ARCpoint Franchisees.
7) AOS is also allegedly a Third-Party Administrator facilitating drug and alcohol testing, DNA, clinical lab testing and employment/background screening for ARCpoint "National/Regional/State" ("NRS") business customers/accounts.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

8) Plaintiff, ARCpoint of Tallahassee is a Florida corporation, whose principal place of business is located at 3520 N. Monroe Street, Tallahassee, Florida 32303 ("AP Tallahassee").

9) AP Tallahassee entered into a Franchise Agreement with AccuDiagnostics, LLC n/k/a AFG on or about December 21, 2009, pursuant to which ARCpoint of Tallahassee was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in the greater Tallahassee/Leon County, Florida area. An unsigned copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with this Complaint as Exhibit 1.[1]

10) Plaintiff, Greg Bowman d/b/a ARCpoint of Nashville ("AP Nashville") is an individual who resides at 568 Crofton Park Lane, Franklin, Tennessee 37069.

11) AP Nashville entered into a Franchise Agreement with AFG on or about January 19, 2010, pursuant to which AP Nashville was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in the greater Eastern Nashville/Brentwood Tennessee area. A copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with this Complaint as Exhibit 2.

12) Plaintiff, Gary Patrone d/b/a On Trac Holdings, Inc. is an individual who resides in Scottsdale, Arizona.

13) Patrone, who does business as On Trac Holdings, Inc., entered into a Franchise Agreement with AFG in approximately November 2011, pursuant to which Patrone d/b/a On Trac Holdings d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix-Black Canyon ("On Trac Holdings") was granted the exclusive

[1] Although repeatedly requested, AccuDiagnostics (n/k/a ARCpoint Franchise Group), AFG has never provided AP Tallahassee with a signed copy or fully signed duplicate original of the Franchise Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

franchise to establish, own and operate the ARCpoint Franchise Business in the greater Phoenix, Arizona area. An unsigned and undated copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with this Complaint as Exhibit3.[2]

14) Plaintiff, Employer's Choice Testing, LLC ("Employer's Choice) is a Texas, LLC located in San Antonio, Texas.

15) Plaintiff, Employer's Choice entered into a Franchise Agreement with AFG on March 14, 2012, pursuant to which Employer's Choice was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in the greater South San Antonio, Texas area. A signed copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with the Complaint as Exhibit 4.

16) Plaintiff, Michael Gammel d/b/a Blue Lizard, Inc. is an individual who resides in Highwood, Illinois.

17) Michael Gammel d/b/a Blue Lizard entered into a Franchise Agreement with AFG in April 2012, pursuant to which Gammel d/b/a Blue Lizard ("Blue Lizard') was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in a portion of Chicago, Illinois and certain of its Northwestern Suburbs. A signed copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with the Complaint as Exhibit 5.

18) Plaintiff, Florence ODS, Inc. is a South Carolina corporation located in Florence, South Carolina.

19) Florence ODS entered into a "renewal" Franchise Agreement with AFG on February 6, 2013, pursuant to which Florence ODS was granted the exclusive franchise to establish,

[2] Although repeatedly requested AFG has never provided On Trac Holdings with a signed copy or fully signed duplicate original of the Franchise Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

own and operate the ARCpoint Franchise Business in the greater Florence, South Carolina area. A signed copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with the Complaint as Exhibit 6.

20) Plaintiff, Myrtle Beach ODS, Inc is a South Carolina corporation located purposes, in South Carolina.

21) Myrtle Beach ODS entered into a "renewal" Franchise Agreement with AFG on February 6, 2013, pursuant to which Myrtle Beach ODS was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in the greater Myrtle Beach, South Carolina area. A signed copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with the Complaint as Exhibit 7.

22) Plaintiff, 3 Sons Ventures, Inc. is a South Carolina corporation located at 1591 Merrill Place, Rock Hill, South, Carolina.

23) Joseph M. Regan and his wife, Sally W. Regan entered into a Franchise Agreement with AFG on March 2, 2013, which agreement was then assigned to 3 Sons Ventures pursuant to a March 2, 2013 Addendum and Assignment of the Franchise Agreement. At the same time, 3 Sons Ventures also entered into a March 2, 2013 Addendum to ARCpoint Franchise Agreement and Business Purchase Agreement. As a result of the aforesaid Agreements, 3 Sons Ventures was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in the greater Charleston, South Carolina area. A signed copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with the Complaint as Exhibit 8.

24) Plaintiff, JumpR2, Incorporated is a Texas corporation located at 720 E. Park Boulevard, Plano, Texas.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

25) Gregory A. Jump and Robert E. Robert entered into a Franchise Agreement with AFG on July 13, 2013, which agreement was then assigned to JumpR2, pursuant to a July 2013 Addendum to and Assignment of ARCpoint Franchise Agreement. As result of the aforesaid Agreements, JumpR2 was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise business in the greater Dallas, Texas metropolitan area. A signed copy of the aforesaid Franchise Agreement is included in the Exhibit Booklet submitted with the Complaint as Exhibit 9.

26) Plaintiffs, Neil Seltz and Lesly Datlow d/b/a Shamey, LLC are individuals who reside in Wilmette, Illinois.

27) Neil Seltz and Lesly Datlow d/b/a Shamey, LLC ("Shamey") entered into three (3) Franchise Agreements with AFG on June 25, 2013, pursuant to which Neil Seltz and Leslie Datlow were granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in the central and southern portion of Chicago, the Western portion of Chicago and its Western and Southwestern Suburbs, and certain of Chicago's Northern/Northwestern suburbs. Copies of the aforesaid Franchise Agreements are attached as Exhibits 10, 11 and 12.

28) Lesly Datlow/Shamey also entered into a Franchise Agreement with AFG on October 17, 2013, pursuant to which Lesly Datlow/Shamey was granted the exclusive franchise to establish, own and operate the ARCpoint Franchise Business in a portion of the North Side of Chicago, Evanston and certain other Northern Suburbs of Chicago. A copy of the Franchise Agreement is attached as Exhibit 13. Additional territories were also purchased at that time, with payment on said territories to commence in July of 2017.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

29) On information and belief, Defendant, AOS, was "organized"/incorporated on November 12, 2013, which is after each of the Plaintiff's Franchise Agreements were executed.

COUNT I -REQUST FOR DECLARATORY JUDGMENT PURSUANT TO S.C. CODE ANN. §15-53-10 *et. seq.*
Brought by all of the Plaintiffs against AFG

30) Paragraphs 1 through 29 are restated, realleged and incorporated as paragraph 30 of Count I of the Complaint.

31) On March 1, 2017 (pursuant to paragraphs 15.1 or 16.1 of their respective Franchise Agreements,) Plaintiffs, ARCpoint of Tallahassee, ARCpoint of Nashville, On Trac Holdings, Employer's Choice, Florence ODS, Myrtle Beach ODS, 3 Sons Ventures, JumpR2, and Shamey, through their attorney, gave written notice to AFG that AFG was in material default in connection with its obligations under the Franchise Agreements. A copy of the written notice of default is attached as Exhibit14 (the "Notice of Default").

32) The Notice of Default specified various breaches of the Franchise Agreements committed by AFG, including, but not limited to: AFG wrongfully allowing its affiliate, AOS, to operate in and solicit business from any persons and entities in each of the Franchisees' Protected Territories though AOS' web-site on the world-wide web/internet. In fact, the Notice of Default noted that AOS' President effectively stated to certain Franchisees that AOS can go into any ARCpoint franchisees' territory and do whatever AOS wants.

33) Demand was made in the Notice of Default that AFG cure its defaults, which cure would have involved that action be taken by both AFG and its affiliate, AOS.

34) Over ninety days has passed since AFG was served with the Notice of Default. However, AFG has failed to timely cure the enumerated defaults.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

35) In light of AFG's failure to timely cure the defaults set forth in the Notice of Default, justiciable controversies exist between the parties as to whether:

(a) the Plaintiffs' Franchise Agreements may be deemed to be terminated as a result of AFG's material breaches of the Franchise Agreements and failure to timely cure those breaches;

(b) the Note between Seltz/Datlow and AFG should be deemed void; and

(c) if said Franchise Agreements are deemed to be terminated, whether as a consequence thereof, upon Plaintiffs change of business name and removal of AFG's "ARCpoint" trademarks and tradename and a surrender of proprietary information, if any, these Plaintiffs may:

(i) Cease paying royalties and other payments to AFG under the Franchise Agreements;

(ii) Consider the purported post termination restrictive covenants contained in their respective Franchise Agreements and attachments ineffective or null and void due to AFG's uncured, prior material breaches: and

(iii)Freely compete with AFG and any of its remaining or future franchisees for *inter alia,* any clients needing lab services, drug and alcohol testing and/or employment background screening testing.

36) A declaratory judgment on the above issues would terminate an important part of the controversy between the parties.

WHEREFORE, Plaintiffs respectfully request that the Court enter a declaratory judgment that:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

(A) The Franchise Agreements between the Plaintiffs and AFG are terminated as a result of AFG's material breaches of the Franchise Agreements and failure to effect a timely cure of those breaches;

(B) Upon Plaintiffs change of business names and removal of all AFG's "ARCpoint" trademarks and tradename and a surrender of proprietary information, if any, these Plaintiffs may:

(i) Cease paying royalties and other payments to AFG under the Franchise Agreements;

(ii) Consider the purported post termination restrictive covenants contained in their respective Franchise Agreements ineffective or null and void: and

(iii) Freely compete with AFG and any of its remaining or future franchisees for, *inter alia*, any and all lab service, drug testing and/or employment background screening testing business.

(C) Enjoin AFG from engaging in any retaliatory actions against the Plaintiffs; and

(D) Award such other and further relief as the Court deems just and appropriate.

COUNT II- CIVIL CONSPIRACY

Brought by all of the Plaintiffs against both Defendants AFG and AOS

37) Paragraphs 1 through 29 are restated and realleged and incorporated as paragraph 37 of Count II of the Complaint.

38) AFG and its affiliate/division, AOS, have combined for the purpose of improperly changing the relationship between AFG and its Franchisees in order to maximize AOS' business and revenues at the expense of Plaintiff Franchisees.

39) Each of Plaintiffs Franchise Agreements contains a provision, under either the caption "Area of Primary Responsibility" or "Protected Territory" that provides as

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

follows:

> So long as this agreement is in force and effect and Franchisee is not in default under any of the terms hereof...., **Franchisor shall not establish, own or operate, or license any other person to establish, own or operate any other ARCpoint Business[3] or substantially similar business within Franchisee's Protected Territory....** (Emphasis Added.)

52) The Franchise Agreements of Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employers Choice and Blue Lizard essentially provide in paragraph 14.2, entitled 'National Accounts," that AFG may establish "National Accounts" for which AFG will provide administrative services for 25% of the revenue received from those accounts and for which the Franchisee in whose Protected Territory the account is being serviced shall receive the remaining 75% of the revenue for facilitating the appropriate testing and/or lab services ordered.

53) Likewise, AFG represented to Plaintiff Franchisees, JumpR2 and Shamey that these Franchisees would receive seventy-five per cent (75%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG in their respective Protected Territories and fifty per cent (50%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG that were provided outside of their Protective Territories. In fact, during their initial operational training, Seltz and Datlow of Shamey were provided with documentation to the above effect. Attached as Exhibit 15 is a copy of the referenced documentation provided to Seltz and Datlow by AFG.

40) However, despite the above provisions, which clearly contemplate that AFG will

[3] AP Tallahassee's Franchise Agreement refers to "AccuDiagnostics," which is the former name of ARCpoint Franchise Group

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

be the entity servicing National Accounts, if any, AFG has not only wrongfully allowed AOS to act as Franchisor's Third-Party Administrator with respect to National Accounts, but has also informed Plaintiffs that they must utilize AOS.

45) Through AOS, AFG has attempted to materially alter the terms of Plaintiffs' franchise agreements by mandating that Plaintiff Franchisees, upon obtaining a NRS account, use AOS for Third Party Administrator services in exchange for a minimal 1-3% commission offered by AOS instead of the revenue streams that AFG promised the Franchisees as set forth above. By so doing, AFG has placed restrictions upon Franchisees that were never contemplated by their Franchise Agreements.

46) Attached as Exhibit 16 is a copy of the contract AOS requires Franchisees to sign in order to obtain even the minimal commission AOS is offering in connection with National Accounts. Paragraph 4.1 entitled "Restrictive Covenants" is one of several provisions never contemplated by the Franchise Agreements that are contained in this contract.

Paragraph 4.1 provides as follows:

> Franchisee agrees that in order to preserve the confidentiality of AOS's Confidential Information, and to protect AOS from unfair competition, Franchisee will not, directly or indirectly:
>
> 4.1.1 **Non-Competition During Relationship.** During Franchisees relationship with AOS, Franchisee shall not participate in the ownership or control of, act as an employee, agent, or contractor of, or provide any services to or for any business that is engaged in AOS's business, or engage in any activity that is competitive with AOS;

47) Since AOS is offering the same services as ARCpoint Franchises, the foregoing Non-compete could be construed to mean that Franchisees cannot compete for business

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

in their own Protected Territories. These Franchisees have been further advised that AOS takes the position that once it services an account brought to it by a franchisee that account belongs to AOS and not the franchisee who procured the account.

48) As part of their combination to expand AOS' role and detrimentally circumscribe and restrict the business activities of the Plaintiffs, AOS, with the active support of AFG, has been bidding on state governmental drug and alcohol testing and other background screening and lab testing services throughout the nation. In this regard and with AFG's active support, AOS has secured at least five (5) state government drug and alcohol and other lab testing contracts in Alaska, Massachusetts, Missouri, Nebraska and South Carolina.

49) For example, in South Carolina, AOS was awarded a "Statewide Drug Testing & Background Screening" contract for servicing various South Carolina governmental agencies on February 15, 2017 (the "South Carolina Contract").

50) As the document attached as Exhibit 17 indicates, the South Carolina Contract runs from February 17, 2017 through February 26, 2022, has an estimated potential contract value of more than fifty (50) million dollars and contains a price list setting forth the prices that AOS has agreed to charge South Carolina governmental agencies for a number of different drug tests and background screening tests.

51) The (retail) prices AOS is charging the South Carolina governmental agencies under the South Carolina Contract for various drug tests and background screening tests are, in many instances, lower than the wholesale lab costs that Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures pay the vendors that AFG has approved and requires that these Franchisees use for the purchase of product and services.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

54) Plaintiffs have reason to believe that as a "new" company, only incorporated at the end of 2013, it is extremely unlikely that AOS, on its own, would have been able to secure such low lab service costs and test product pricing that it apparently obtained from vendors and/or suppliers, and which allows AOS to offer South Carolina agencies retail prices significantly lower than Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures wholesale costs.

55) Accordingly, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures are informed and believe that AFG used its leverage and market power as the Franchisor of approximately 100 ARCpoint Lab Franchisees nationwide to obtain extremely low wholesale lab service and testing product prices from vendors and suppliers for its AOS affiliate/division that those vendors and suppliers are not offering to Plaintiff Florence ODS, Myrtle Beach ODS, 3 Sons Ventures or AFG's approximately 100 other ARCpoint Lab Franchisees.

56) Because Plaintiffs Florence ODS, Myrtle Beach ODS and 3 Sons Ventures are contractually bound to use vendors AFG has approved and cannot obtain from these AFG approved vendors and suppliers, the pricing that they believe that AFG has arranged for AOS with these same vendors and suppliers, these plaintiffs cannot compete with AOS on a cost basis for business accounts/customers.

57) County and local governments, including, but not limited to, various County Offices of the South Carolina Department of Social Services account for approximately 50% of both Florence ODS and Myrtle Beach ODS business and are also valued customers of 3 Sons Ventures.

58) After AOS' award of the South Carolina contract, one of the principals of Florence

ODS and Myrtle Beach ODS received multiple calls from personnel with county governmental ties in which those callers believed that his Franchises had received the South Carolina Contract. These callers advised the principal of Florence and Myrtle Beach ODS that they liked the low prices offered for lab services, drug testing and background screening tests on the South Carolina Contract price list.

59) The same principal of Florence ODS and Myrtle Beach ODS was recently advised that, beginning on July 1, 2017, the Richland County, South Carolina Office of the Department of Social Services intends to purchase its drug and alcohol testing products and lab services from AOS under the South Carolina Contract rather than from the lab from which the Richland County DSS Office had been purchasing drug and alcohol testing products and lab services.

60) Because: (i)AOS operates under the "ARCpoint" name, (ii) its employees answer the telephone as "ARCpoint," (iii) AOS offers the products and services it sells as ARCpoint products and services; and (iv) because both the AOS web-site and South Carolina's "Intent to Award" document and price list (a copy of which is attached as Exhibit 17) are available for review on the internet by the consuming public, the likelihood of confusion among the consuming public regarding the prices charged for services and products by Florence ODS, Myrtle Beach ODS and 3 Sons Ventures vis-à-vis AOS is great, as is the damage to the goodwill of Florence ODS, Myrtle Beach entities because of the price disparity.

61) Attached as Exhibit 18 is a consumer complaint that the South Carolina Department of Consumer Affairs forwarded to Florence ODS wherein a member of the public

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

mistakenly accused Florence ODS of price "gouging" as a result of that person's confusion as to which ARCpoint entity received the South Carolina Contract and the differences in the prices charged by AOS as a result of the preferential pricing that AFG apparently obtained for AOS and which is not being made available to ARCpoint Franchises, including Florence ODS, Myrtle Beach ODS and 3 Sons Ventures.

62) Since AOS holds itself out as an "ARCpoint Business," and is ostensibly offering in South Carolina and through the United States, the same lab services and drug testing and background screening products that Florence ODS, Myrtle Beach ODS and 3 Sons Ventures offer, these Plaintiffs are informed and believe that it is only a matter of time before their county government clients, especially those like the County offices of the Department of Social Services which have a state governmental nexus, will seek to purchase their ARCpoint products from AOS under the South Carolina Contract rather than purchase ARCpoint products and services through the Plaintiff South Carolina Franchisees.

63) Because of the foregoing, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures believe that they will be and are being substantially damaged by AFG' s conduct of arranging for preferential(predatory) pricing for AOS that is not available to these Plaintiffs, who are contractually bound to use AFG'S approved vendors and suppliers.

64) Because AOS solicits, markets, advertises and provides through AOS' web page on the world-wide web/internet, all of the ARCpoint products and services that plaintiffs offer to all persons and entities, in South Carolina and throughout the United States

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

(See: Exhibit 19 in the Exhibits Booklet submitted herewith), it is possible that AOS will or is already offering the low South Carolina Contract pricing to non-South Carolina customers in which event these plaintiffs could be run out of business.

65) The conduct of AOS and AFG as described herein has and will continue to damage Plaintiffs by, *inter alia*, causing special damages measured as a diminution of Plaintiff Franchisees' business as the expansion of AOS business activities has and will continue to result in a curtailment of the business opportunities available to these Franchisees.

Wherefore, Plaintiffs respectfully request that this Court enter an Order providing for:

(A) Judgment in favor of all of the Plaintiffs and against both Defendants, ARCpoint Franchise Group, LLC and ARCpoint Occupational Solutions, LLC in an amount equal to the diminution in the value of their respective franchisees caused by ARCpoint Occupational Solutions, LLC's business activities in each respective Plaintiff's Protected Territories; and

(B) Award such other and further relief as the Court deems just and appropriate.

COUNT III - BREACH OF CONTRACT - (In the alternative to Count I)
Brought by Plaintiffs AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard against Defendant AFG

66) Paragraphs 1 through 17 and paragraph 29 are restated, realleged and incorporated as paragraph 64 of Count III of the Complaint.

67) The Franchise Agreements of Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard provide under the caption "Area of Primary Responsibility" or "Protected Territory" that:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

> So long as this agreement is in force and effect and Franchisee is not in default under any of the terms hereof. ..., **Franchisor shall not establish, own or operate, or license any other person to establish own or operate any other ARCpoint[4] business or substantially similar business within [the Franchisee's Protected Territory]" (Emphasis added.)**

68) Notwithstanding the above provision in each of the foregoing Franchise Agreements, AFG has wrongfully allowed AOS to operate a web page on the world-wide web/internet through which AOS is soliciting, marketing, advertising and providing all of ArcPoint's authorized products and services to all persons and entities throughout the United States. The services advertised and offered by AOS are not just limited to National/Regional/State ("NRS") accounts. (See Exhibit 19).

69) By wrongfully allowing AOS to provide ARCpoint products and services to all persons and entities through AOS' web-page on the word-wide internet, AFG has materially breached each of the Franchisee's Franchise Agreements as AOS is wrongfully soliciting and competing for all ARCpoint business in each of the Franchisee's Protected Territories on a continual basis.

70) The Franchise Agreements of Plaintiffs, AP Tallahassee and AP Nashville provide in paragraph 14.2, entitled "National Accounts" that:

> Franchisor may... establish National Accounts requiring ARCpoint [AccuDiagnostics] services in the Franchised Business's Area of Primary Responsibility. **If Franchisor does establish such an account, Franchisee has the right to service such account. Franchisee shall be entitled to seventy-five percent (75%) of the price charged to such National Account by Franchisor, and Franchisor shall retain the remaining twenty-five percent (25%).** (Emphasis Added.)

71) The Franchise Agreements of Plaintiffs, On Trac Holdings, Employer's Choice and

[4] ARCpoint of Tallahassee's Franchise Agreement references "AccuDiagnostics," which is ARCpoint Franchise Group's former name.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Blue Lizard similarly provide inparagraph 14.2, entitled "National Accounts" that:

> Franchisor may ... establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchisees the first right of refusal in all territories in which they exist. If **Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish such an account, we reserve the right to retain twenty-five percent (25%) of the revenue (or an agreed upon collection fee) received from National Accounts to compensate for our sales, administration and billing efforts.** (Emphasis added.)

72) Notwithstanding the foregoing provisions which envision AFG administratively servicing National Accounts, AFG has wrongfully allowed AOS to act as Franchisor's Third-Party Administrator with respect to National Accounts.

73) Through AOS, AFG has attempted to materially alter the terms of Plaintiff's franchise agreements by mandating that Plaintiff Franchisees upon obtaining a NRS account, use AOS for Third Party Administrator services and surrender certain customers to AOS in exchange for a minimal 1-3% commission instead of the revenue stream promised in the Franchise Agreements. By so doing, AFG has placed restrictions upon Franchisees that are either contrary to the Franchise Agreements or were never contemplated by them.

74) Each of the Franchise Agreements requires the Franchisees to pay a percentage of their Gross Revenue to AFG's National Advertising Fund (which AFG has recently purported to rename as the "Brand Fund") to be used for "System-wide marketing, advertising and promotion."

75) AFG has misused the moneys paid by these and other Franchisees to the National Advertising Fund and has failed to provide essentially any national advertising to

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

promote existing franchisees' businesses. Instead, AFG has improperly used the National Advertising Fund to pay for: administrative salaries and expenses in gross disproportion to what is needed and reasonable; dues and subscriptions to magazines; trade conferences to promote the sale of additional ARCpoint Franchises or place articles in publications which do not directly promote franchisee services.

76) AFG has failed to use the National Advertising Fund to engage in virtually any advertising or marketing activities on a national level to promote franchisee business. Consequently, the ARCpoint Franchisees have derived absolutely no benefit from the National Advertising Fund.

77) AFG's failure to use the National Advertising Fund to engage in virtually any national advertising, marketing or promotion, but to instead use the fund to pay administrative salaries and expenses and to waste monies on items not directly related to national advertising, marketing or promotion constitutes a material breach of the plaintiffs' Franchise Agreements.

78) Section 11.3.4 of the Franchise Agreements of AP Tallahassee, AP of Nashville, On Trac Holdings, Employer's Choice and Blue Lizard provide that:

> Each ARCpoint [AccuDiagnostics] Business operated by Franchisor, or any Affiliate of Franchisor shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint [AccuDiagnostics] Businesses.

79) These Franchisees previously demanded in writing that AFG provide information regarding the National Marketing Contributions made by AOS from its 2013 inception to the present. The Franchisees also request[ed] that AFG provide

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

information regarding the National Marketing Contributions of any other affiliate of AFG.

80) Despite the Franchisees' written request, AFG has failed and refused to identify any contributions made by any AFG affiliate to the National Advertising Fund and, on information and belief, these Franchisees' state that in material breach of the Franchise Agreements, AFG's affiliated have failed to make any National Advertising Fund Contributions, let alone contributions at the same rate as the Franchisees.

81) AFG' s failure to cause "[e]ach ARCpoint Business ... or any affiliate of ARCpoint to make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses" is a material breach of the Franchise Agreements."

82) Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard have been damaged by these [and other] material breaches of the Franchise Agreements by AFG.

83) As set forth in the Franchise Agreements, these Plaintiffs gave AFG written notice of these (other) AFG's material breaches of the respective Franchise Agreements and an opportunity to cure the breaches within the time periods provided in the Franchise Agreements; and AFG has failed to timely cure these material breaches. (See Exhibit 14).

84) Prior to AFG's aforesaid material breaches of the Franchise Agreements, Plaintiffs, ARCpoint of Tallahassee, ARCpoint of Nashville, On Trac Holdings, Employer's Choice and Blue Lizard did every material thing that they were required to do under the Franchise Agreements.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

WHEREFORE, Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard respectfully request that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard and against defendant ARCpoint Franchise Group, · LLC for the amount of damages proven at trial;

(B) Award Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard their attorneys ' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC; and

(C) Award such other and further relief as the Court deems just and appropriate.

COUNT IV - BREACH OF CONTRACT ACCOMPANIED BY A FRAUDULENT ACT- (In the alternative to Count I)

Brought by Plaintiffs AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard against Defendant AFG

85) Paragraphs 1 through 7, paragraph 18-23 and paragraph 29 are restated, realleged and incorporated as paragraph 83 of Count IV of the Complaint.

86) Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer 's Choice and Blue Lizard incorporate by reference paragraphs 64-82 of the breach of contract claim set forth in Count III.

87) Contemporaneous with the breaches of contract detailed in Count III, Defendant AFG with full knowledge of its activities and intent to harm the business of its franchisees has withheld material information; provided misleading information to its franchisees; and knowingly created the competing business, AOS, with a common name, business activity, trademarks and executive team, among others.

88) AFG's activities were accomplished with full and complete knowledge of the harm such acts would cause Plaintiffs. Such actions of AFG as described fully herein are dishonest in fact and constitute unfair dealing prohibited by South Carolina law.

89) As such, AFG breached its contract with the Plaintiffs in the manner set forth in paragraphs 87-112 herein and such breaches are accompanied by herein described fraudulent acts in violation of state law.

WHEREFORE, Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard respectfully request that this Court enter an Order providing for:

(D) Judgment in favor of Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard and against defendant ARCpoint Franchise Group, · LLC for the amount of damages proven at trial;

(E) Award Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard their attorneys ' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC;

(F) Punitive damages; and

(G) Award such other and further relief as the Court deems just and appropriate.

COUNT V -BREACH OF CONTRACT (In the alternative to Count I)
Brought by Plaintiffs Florence ODS, Myrtle Beach ODS and 3 Sons Ventures against Defendant AFG

90) Paragraphs 1 through 7, paragraph 18-23 and paragraph 29 are restated, realleged and incorporated as paragraph 88 of Count V of the Complaint.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

91) The Franchise Agreements of Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures each provide in pertinent part in paragraph 2.4 entitled "Protected Territory" that:

> So long as this agreement is in force and effect and Franchisee is not in default under any of the terms hereof...., Franchisor shall not establish, own or operate, or license any other person to establish, own or operate any other ARCpoint Business or substantially similar business within Franchisee's Protected Territory.... (Emphasis Added.)

92) The Franchise Agreements of Florence ODS, Myrtle Beach ODS and 3 Sons Ventures further provide in pertinent part in Section 13, entitled "Standards of Operation," paragraph

13.1 entitled "Authorized Products, Services and Suppliers" that:

> Franchisee shall provide only those services, sell only those products and use only those vendors or suppliers, signs, equipment and other products that Franchisor approves in advance (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards.

93) As a consequence of paragraph 13.1, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures may only purchase services and products from vendors and suppliers that AFG has approved and which AFG has purportedly negotiated favorable pricing for these plaintiffs and the approximately 100 other ARCpoint Lab Franchisees.

94) On or about February 15, 2017, AOS, AFG's affiliate/division, was awarded a "Statewide Drug Testing & Background Screening" contract for servicing South Carolina governmental agencies (the "South Carolina Contract").

95) The South Carolina Contract runs from February 17, 2017 through February 26, 2022 and the state of South Carolina has estimated the contract having a potential value in excess of fifty (50) million dollars.

96) The state of South Carolina has published a price list on the world-wide web/internet setting forth the prices AOS has agreed to charge the South Carolina governmental agencies for a multitude of different drug tests and background screening tests.

97) The (retail) prices AOS is charging the South Carolina governmental agencies under the South Carolina Contract for various drug tests and background screening tests (i.e., the retail prices) are, in many instances, lower than the wholesale lab costs that Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures pay the vendors that AFG has approved and requires that these Franchisee use for the purchase of product and services.

98) Plaintiffs Florence ODS, Myrtle Beach ODS and 3 Sons Ventures have reason to believe that as a "new" company, only incorporated at the end of 2013, it is extremely unlikely that AOS, on its own, would have been able to secure the very low lab service costs and test product pricing that it apparently obtained from vendors and/or suppliers, and which allows AOS to offer the South Carolina agencies prices significantly lower than these Plaintiffs wholesale costs.

99) Accordingly, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures are informed and believe that AFG used its leverage and market power as the Franchisor of approximately 100 ARCpoint Lab Franchisees nationwide to obtain

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

extremely low wholesale lab service and testing product prices from vendors and suppliers for its AOS affiliate/division that those vendors and suppliers are not offering to Plaintiff Florence ODS, Myrtle Beach ODS, 3 Sons Ventures or AFG's approximately 100 other ARCpoint Lab Franchisees.

100) Because Plaintiffs Florence ODS, Myrtle Beach ODS and 3 Sons Ventures are contractually bound to use the vendors AFG has approved and cannot obtain from these AFG approved vendors and suppliers, the pricing that they believe that AFG has arranged for AOS with these vendors and suppliers, these plaintiffs cannot compete with AOS on a cost basis for business accounts/customers.

101) County and local governments, including, but not limited to, various County Offices of the South Carolina Department of Social Services account for approximately 50% of both Florence ODS and Myrtle Beach ODS business and are also valued customers of 3 Sons Ventures.

102) Subsequent to AOS ' award of the South Carolina contract, one of the principals of Florence ODS and Myrtle Beach ODS has already received multiple calls from personnel with county governmental ties in which those callers believed that his Franchises had received the South Carolina Contract wherein these callers advised that they liked the low prices offered for lab services, drug testing and background screening tests on the South Carolina Contract price list.

103) Since AOS holds itself out as an "ARCpoint Business," and is ostensibly offering in South Carolina and through the United States, the same lab services and drug testing and background screening products that Florence ODS, Myrtle Beach

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ODS and 3 Sons Ventures offer, these Plaintiffs are informed and believe that it is only a matter of a very short period of time before their county government clients, especially those like the County offices of the Department of Social Services which have a state governmental nexus, will attempt to qualify under the South Carolina Contract as a "state agency" for the purposes of purchasing the products being offered by AOS.

104) As a result of the foregoing, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures believe that they will be and are being substantially damaged by AFG's conduct of arranging for preferential(predatory) pricing for AOS that is not available to these Plaintiffs, who are contractually bound to use AFG'S approved vendors and suppliers.

105) Because AOS solicits, markets, advertise and provides through AOS' web page on the world-wide web/internet, all of the ARCpoint products and services that plaintiffs offer to all persons and entities, in South Carolina and throughout the United States (Exhibit 19), it is possible that AOS will or is already offering the low South Carolina Contract pricing to non-South Carolina customers in which event these plaintiffs could be run out of business.

106) In fact, Chris Williams, now AOS' President and formerly employed in a key position with AFG, told one of the principals of Florence ODS and Myrtle Beach ODS that everyone connected with ARCpoint in South Carolina, including the Vendors and Suppliers, as well as the South Carolina ARCpoint Franchisees, has to take a "hair-

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

cut" (i.e., will suffer loss) as a result of and in connection with the South Carolina Contract.

107) To the extent that AFG has arranged in South Carolina for preferential pricing for its AOS affiliate/division that it has not arranged for Florence ODS, Myrtle Beach ODS, and 3 Sons Ventures to also receive from AFG's approved vendors and suppliers, AFG is, *inter alia* and under the circumstances, violating the implied covenant of good faith and fair dealing exists, which exists in every South Carolina contract, including the Franchise Agreements at issue herein.

108) For the reasons stated herein, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures, ODS have been damaged by AFG's violation of the implied covenant of good faith and fair dealing.

109) Pursuant to paragraph 11.1 of their respective Franchise Agreements of Florence ODS, Myrtle Beach ODS and 3 Sons Ventures "contribute 2% of gross sales or a minimum of $100.00 [per month], whichever is greater", to AFG's National Advertising Fund to be used for "system-wide advertising, promotion and marketing."

110) Moreover, as set forth in paragraph 70 of Count III, AFG has misused these monies and has failed to provide essentially any national advertising to promote existing franchisees' businesses. Instead, AFG has improperly used the National Advertising Fund to pay for administrative salaries and expenses in gross disproportion to what is needed and reasonable, dues and subscriptions to

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

magazines, trade conferences to promote the sale of additional ARCpoint Franchises or provide informational articles which do not directly promote franchisee services.

111) AFG has failed to use the National Marketing Fund to engage in virtually any marketing activities on a national level to promote franchisee business and the ARCpoint Franchisees have derived no benefit from the National Marketing Fund.

112) AFG's failure to use the National Advertising Fund to engage in virtually any national advertising, marketing or promotion, but to instead use the fund to pay administrative salaries and expenses and to waste monies on items not directly related to national advertising, marketing or promotion constitutes a material breach of the plaintiffs' Franchise Agreements.

113) Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures have been damaged by these and other material breaches of the Franchise Agreements by AFG.

114) As set forth in the Franchise Agreements, these Plaintiffs gave AFG written notice of these other AFG's material breaches of the respective Franchise Agreements and an opportunity to cure the breaches within the time periods provided in the Franchise Agreements; and AFG has failed to timely cure these material breaches.

115) Prior to AFG' s aforesaid material breaches of the Franchise Agreements, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures did every material thing that they were required to do under the Franchise Agreements. (See Exhibit 14).

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

WHEREFORE, Plaintiffs, Florence ODS, Inc., Myrtle Beach ODS, Inc. and 3 Sons Ventures, Inc. respectfully request that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures and against defendant ARCpoint Franchise Group, LLC for the amount of damages proven at trial;

(B) Award Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures their attorneys' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC; and

(C) Award such other and further relief as the Court deems just and appropriate.

COUNT VI - BREACH OF CONTRACT ACCOMPANIED BY A FRAUDULENT ACT (In the alternative to Count I)
Brought by Plaintiffs Florence ODS, Myrtle Beach ODS and 3 Sons Ventures against Defendant AFG

116) Paragraphs 1 through 7, paragraph 18-23 and paragraph 29 are restated, realleged and incorporated as paragraph 114 of Count V of the Complaint.

117) Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures incorporate by reference paragraphs 88-113 of the breach of contract claim set forth in Count V.

118) Contemporaneous with the breaches of contract detailed in Count V, Defendant AFG with full knowledge of its activities and intent to harm the business of its franchisees withheld material information; provided misleading information to its franchisees; and knowingly created the competing business,

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

AOS, with a common name, business activity, trademarks and executive team, among others.

119) AFG's activities were accomplished with full and complete knowledge of the harm such acts would cause Plaintiffs. Such actions of AFG as described fully herein are dishonest in fact and constitute unfair dealing prohibited by South Carolina law.

120) As such, AFG breached its contract with the Plaintiffs in the manner set forth in paragraphs 88-113 herein and such breaches are accompanied by herein described fraudulent acts in violation of state law.

WHEREFORE, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures respectfully request that this Court enter an Order providing for:

(H) Judgment in favor of Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures and against defendant ARCpoint Franchise Group, LLC for the amount of damages proven at trial;

(I) Award Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures their attorneys' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC;

(J) Punitive damages; and

(K) Award such other and further relief as the Court deems just and appropriate.

COUNT VII- BREACH OF CONTRACT- (In the alternative to Count I) Brought by Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow against Defendant, AFG

121) Paragraphs 1 through 7 and paragraphs 24-29 are restated, realleged and incorporated as paragraph 119 of Count VII of the Complaint.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

122) The Franchise Agreements of Plaintiffs, JumpR2 and Neil Seltz and Lesly Datlow provide in pertinent part in paragraph 2.4 entitled "Protected Territory" that:

> So long as this agreement is in force and effect and Franchisee is not in default under any of the terms hereof. ..., **Franchisor shall not establish, own or operate, or license any other person to establish, own or operate any other ARCpoint Business or substantially similar business within Franchisee's Protected Territory....** (Emphasis Added.)

123) Notwithstanding the above provision in each of the Franchise Agreements, AFG has wrongfully allowed AOS to operate a web page on the world-wide web/internet through which AOS is soliciting, marketing, advertising and providing all of ArcPoint's authorized products and services to all persons and entities throughout the United States (Exhibit 19) and not just to limited National/Regional/State ("NRS") accounts.

124) By wrongfully allowing AOS to provide ARCpoint products and services to all persons and entities through AOS web-page on the word-wide internet, AFG has materially breached each of the Franchisee 's Franchise Agreements as AOS is wrongfully soliciting and competing for all ARCpoint business in each of the Franchisee's Protected Territory on a continual basis.

125) Both during negotiations for their Franchise Agreements and subsequent thereto, AFG represented to Plaintiff Franchisees, JumpR2, Neil Seltz and Lesly Datlow hat these Franchisees would receive seventy-five per cent (75%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG in their respective Protected Territories and fifty per cent (50%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

that were provided outside of heir Protective Territories. In fact, during their initial operational training, Seltz and Datlow were provided with documentation to the above effect, a copy of which document is attached as Exhibit 15.

126) Rather than offering these Franchisees the agreed upon seventy-five per cent (75%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG in their respective Protected Territories and fifty per cent (50%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG, AOS is offering a minimal 1-3% commission in connection with National Accounts and AOS is requiring that these Franchisees enter into a written agreement with AOS pursuant to which AOS is placing restrictions on Franchisees that were never contemplated by their Franchise Agreements.

127) One such restriction included in the AOS contract is a provision that states as follows:

> **4.1 Restrictive Covenants.** Franchisee agrees that in order to preserve the confidentiality of AOS's Confidential Information, and to protect AOS from unfair competition, Franchisee will not, directly or indirectly:
>
> a. **Non-Competition During Relationship.** During Franchisees relationship with AOS, Franchisee shall not participate in the ownership or control of, act as an employee, agent, or contractor of, or provide any services to or for any business that is engaged in AOS's business, or engage in any activity that is competitive with AOS;

128) AFG has materially breached the Franchise Agreements by wrongfully allowing its designated, ostensible Third Party Administrator agent, AOS to offer a minimal 1-3% commission to these Franchisees for providing services in connection

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

with purported ARCpoint National Accounts instead of the agreed upon seventy-five per cent (75%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG in their respective Protected Territories and fifty per cent (50%) of net profits received for services provided to NRS accounts that these Franchisees brought to AFG set forth in the Franchise Agreements.

129) Section 13.11 of the Franchise Agreements of JumpR2, Neil Seltz and Lesly Datlow further provides in pertinent part that: "Franchisor shall administer all NRS accounts through the Third-Party Administrator Program ...." However, rather than administering NRS accounts itself, AFG is improperly delegating this function to AOS, which is seeking to impose restrictions on the Franchisees that are not called for by the Franchisee's Franchise Agreements.

130) Pursuant to paragraph 11.1 of their respective Franchise Agreements of JumpR2, Neil Seltz and Lesly Datlow "contribute 2% of gross sales or a minimum of $100.00 [per month], whichever is greater", to AFG's National Advertising Fund to be used for "system- wide advertising, promotion and marketing."

131) However, as set forth in paragraph 40 of Count I, AFG has misused these monies and has failed to provide essentially any national advertising to promote existing franchisees' businesses. Instead, AFG has improperly used the National Advertising Fund to pay for administrative salaries and expenses in gross disproportion to what is needed and reasonable, dues and subscriptions to magazines, trade conferences to apparently promote the sale of additional

ARCpoint Franchises or provide informational articles which do not directly promote franchisee services.

132) AFG has failed to use the National Advertising Fund to engage in virtually any marketing activities on a national level to promote franchisee business and the ARCpoint Franchisees have derived no benefit from the National Advertising Fund.

133) AFG's failure to use the National Advertising Fund to engage in virtually any national advertising, marketing or promotion, but to instead use the fund to pay administrative salaries and expenses and to waste monies on items not directly related to national advertising, marketing or promotion constitutes a material breach of the plaintiffs' Franchise Agreements.

134) Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow have been damaged by these and other material breaches of the Franchise Agreements by AFG.

135) As set forth in the Franchise Agreements, these Plaintiffs gave AFG written notice of these other AFG's material breaches of the respective Franchise Agreements and an opportunity to cure the breaches within the time periods provided in the Franchise Agreements; and AFG has failed to timely cure these material breaches. (See Exhibit 14).

136) Prior to AFG's aforesaid material breaches of the Franchise Agreements, Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow did every material thing that they were required to do under the Franchise Agreements.

WHEREFORE, Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow respectfully request that this Court enter an Order providing for:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

(A) Judgment in favor of Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow and against defendant ARCpoint Franchise Group, LLC for the amount of damages proven at trial;

(B) Award Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow their attorneys' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC; and

(C) Award such other and further relief as the Court deems just and appropriate.

COUNT VIII- BREACH OF CONTRACT ACCOMPANIED BY A FRAUDULENT ACT - (In the alternative to Count I)
Brought by Plaintiffs, JumpR2, Neil Seltz and Lesly Datlow against Defendant, AFG

137) Paragraphs 1 through 7, paragraph 18-23 and paragraph 29 are restated, realleged and incorporated as paragraph 135 of Count VIII of the Complaint.

138) Plaintiffs, JumpR2 and Neil Seltz and Lesly Datlow incorporate by reference paragraphs 119-134 of the breach of contract claim set forth in Count VII.

139) Contemporaneous with the breaches of contract detailed in Count VII, Defendant AFG with full knowledge of its activities and intent to harm the business of its franchisees withheld material information; provided misleading information to its franchisees; and knowingly created the competing business, AOS, with a common name, business activity, trademarks and executive team, among others.

140) AFG's activities were accomplished with full and complete knowledge of the harm such acts would cause Plaintiffs. Such actions of AFG as described fully herein are dishonest in fact and constitute unfair dealing prohibited by South Carolina law.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

141) As such, AFG breached its contract with the Plaintiffs in the manner set forth in paragraphs 88-113 herein and such breaches are accompanied by herein described fraudulent acts in violation of state law.

WHEREFORE, Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures respectfully request that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures and against defendant ARCpoint Franchise Group, LLC for the amount of damages proven at trial;

(B) Award Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures their attorneys' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC;

(C) Punitive damages; and

(D) Award such other and further relief as the Court deems just and appropriate.

COUNT IX - VIOLATION OF THE SOUTH CAROLINA UNFAIR TRADE PRACTICES ACT ("SCUTPA")
Brought by all Plaintiffs

142) Plaintiffs restate, reallege and incorporate all prior paragraphs set forth herein as paragraph 140 of Count IX of the Complaint.

143) S.C. Code Ann. § 39-5-20 of the SCUTPA provides: "Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

144) AFG is in the business of selling franchises to the public: http://arcpointlabsfranchise.com/your-opportunity/franchise-business/.

145) Each of the Plaintiffs were solicited, qualified and sold a franchise by AFG.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

146) In each situation, AFG specifically promised and contractually covenanted that it would not establish, own or operate, or license any other person to establish, own or operate any other ARCpoint Business or substantially similar business within Franchisee's Protected Territory.

147) AOS is an AFG/ARCpoint Business. AOS and AFG occupy corporate office space across the street from one another, share the same executive team, the same name and trademarks. AOS and AFG are not substantially distinguishable from one another.

148) AOS is set up as a national accounts provider and directly competes with the Plaintiffs in their markets.

149) Despite being a direct competitor in the market, AOS markets itself as national comprehensive business solution and supports its claims by directly utilizing the locations of the AFG franchise labs – http://arcpointos.com/our-network/resources-partners/labs/

Labs

AOS is able to provide a high level of care because of our large network of professional lab sites. From occupational health sites, ARCpoint Labs locations, and Lab Corp or Quest Diagnostics sites, we provide access to thousands of convenient locations for lab-based or mobile services.

150) The Plaintiffs' businesses are being significantly negatively impacted by AOS's market presence. AOS, with the backing of AFG and its owners and executives, is robbing the Plaintiffs of business opportunities that would otherwise be available to the Plaintiffs.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

151) It is fundamental to the relationship of the franchisor to its franchisee that the franchisor will not engage in activities that directly and negatively impact the business of its franchisees. AFG holds itself out as a franchisee in a rapidly growing industry that is looking for the right "fit" between franchisee and franchisor. http://arcpointlabsfranchise.com/your-opportunity/franchise-business/ AFG represents itself as a supportive partner to its franchise investors.

152) In reality AFG has lured the Plaintiffs into the franchise relationship only to now set up AOS as a competing business that Plaintiffs would submit the general, purchasing public cannot distinguish from Plaintiffs' franchises. AOS existence has robbed Plaintiff franchisees of present market share and will impact their future profitability.

153) For these reasons, AFG's actions described herein constitute unfair and deceptive trade practices in violation of S.C. Code Ann. § 39-5-20.

154) AFG's actions are repeatable and bear a clear impact upon the interests of the public.

155) Because Plaintiffs have suffered a loss of money, franchise and territorial rights as a result of AFG's actions, Plaintiffs are entitled to an award of actual damages as provided by S.C. Code Ann. § 39-5-140 in an amount that compensates the Plaintiffs for their losses.

156) Further, as AFG's actions are clearly willful and knowing violations of the SCUTPA, Plaintiffs are entitled to an award of treble damages as provided by SC Code Ann. § 39-5-140(a).

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

157) Finally, Plaintiffs demand that AFG be further enjoined from undertaking any further acts complained of herein as provided by SC Code Ann. § 39-5-140(c).

WHEREFORE, Plaintiffs request that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs and against defendant ARCpoint Franchise Group, LLC for the amount of damages proven at trial, which damages should be trebled pursuant to S.C. Code Ann. §39-5-140 (a);

(B) Award Plaintiffs their attorneys' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC as provided for in S.C. Code Ann. §39-5-140 (a);

(C) Enjoin ARCpoint Franchise Group, LLC from engaging in any further acts in violations of SCUTPA as set forth herein and

(D) Award such other and further relief as the Court deems just and appropriate as also provided for in S.C. Code Ann. §39-5-140 (a).

COUNT X -VIOLATION OF THE SOUTH CAROLINA UNFAIR TRADE PRACTICES ACT
Brought by Florence ODS, Myrtle Beach ODS and 3 Sons Ventures against AFG

158) Paragraphs 88 through 102 of Count V are restated, realleged and incorporated as paragraph 140 of Count X of the Complaint.

159) Section 39-5-20 of the South Carolina Code of Laws (S.C. Code Ann. §39-5-20) provides: "Unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

160) AFG is violating S.C. Code Ann. §39-5-20, to the extent that AFG has arranged in South Carolina for preferential pricing from AFG's approved vendors

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

and suppliers for its AOS affiliate/division that it has not arranged for Florence ODS, Myrtle Beach ODS, and 3 Sons Ventures to also receive from AFG' s approved vendors and suppliers, because, pursuant to their respective Franchise Agreements, Florence ODS, Myrtle Beach ODS, and 3 Sons Ventures are locked into buying lab services and drug and employment screening testing products from AFG approved vendors and suppliers at the much higher pricing that AFG negotiated with those vendors and suppliers for ARCpoint Franchises.

161) The preferential pricing that AFG has arranged for AOS that has not been made available to Florence ODS, Myrtle Beach, ODS and 3 Sons Ventures adversely affects the public interest because it prevents Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures from being able to effectively compete with AOS, thereby reducing the meaningful choices that the public has with respect to purchasing both lab services and drug and employment background screening testing products.

162) Florence ODS, Myrtle Beach ODS and 3 Sons Ventures are informed and believe that they have been and will be monetarily damaged as a result of AFG's unfair trade practice of arranging for preferential pricing for AOS as opposed to the Plaintiffs.

163) Because AFG's conduct in arranging preferential pricing for AOS was and is willful or knowing, pursuant to S.C. Code Ann. §39-5-140 (a), the Court is to award three times the actual damages Plaintiffs sustained, reimbursement of attorneys'

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

fees and costs incurred and may award such other and further relief against AFG that the Court deems necessary or proper.

WHEREFORE, Plaintiffs, Florence ODS, Inc., Myrtle Beach ODS, Inc., and 3 Sons Ventures, Inc. requests that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures and against defendant ARCpoint Franchise Group, LLC for the amount of damages proven at trial, which damages should be trebled pursuant to S.C. Code Ann. §39-5-140 (a);

(E) Award Plaintiffs, Florence ODS, Myrtle Beach ODS and 3 Sons Ventures their attorneys' fees and costs of suit from Defendant ARCpoint Franchise Group, LLC as provided for in S.C. Code Ann. §39-5-140 (a); and

(F) Award such other and further relief as the Court deems just and appropriate as also provided for in S.C. Code Ann. §39-5-140 (a).

COUNT XI- TORTIOUS INTERFERENCE WITH CONTRACT

Brought by Plaintiffs AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard against Defendant AOS

164) Paragraphs 64 through 66 of Count III are restated, realleged and incorporated as paragraph 146 of Count XI of the Complaint.

165) The Franchise Agreements of Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard with AFG are "valid" contracts of which AOS has full knowledge since it shares many key personnel with AFG and is held out and holds itself out as an affiliate of AFG.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

166) By operating a web page on the world wide web/internet in each of the Franchisees' Protected Territories through which AOS is soliciting, marketing, advertising and providing all of ARCpoint's authorized products and services to all persons and entities (Exhibits 19) and not just National Accounts, AOS is intentionally procuring a breach of AFG's Franchise Agreement with these Franchisees without justification and resulting in damages to these Franchisees.

WHEREFORE, Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard respectfully request that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard and against defendant ARCpoint Occupational Solutions, LLC for the amount of damages proven at trial;

(C) Award Plaintiffs, AP Tallahassee, AP Nashville, On Trac Holdings, Employer's Choice and Blue Lizard their attorneys' fees and costs of suit from Defendant ARCpoint Occupational Solutions, LLC; and

(G) Award such other and further relief as the Court deems just and appropriate.

COUNT XII- TORTIOUS INTERFERENCE WITH CONTRACT
Brought by Plaintiffs, JumpR2 and Shamey against Defendant AOS

167) Paragraphs 119 through 121 of Count VIII are restated, realleged and incorporated as paragraph 149 of Count XII of the Complaint.

168) The Franchise Agreements of Plaintiffs JumpR2 and Shamey with AFG are "valid" contracts of which AOS has full knowledge since it shares many key personal with AFG and is held and holds itself out as an affiliate of AFG.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

169) By operating a web page on the world wide web/internet in each of the Franchisee's Protected Territories though which AOS is soliciting, marketing, advertising, and providing all of ARCpoint's authorized products and services to all persons and entities (See Exhibit 19) and not just National Accounts, AOS is intentionally procuring a breach of AFG's Franchise Agreement with these Franchisees without justification and resulting in damages to these Franchisees.

WHEREFORE, Plaintiffs, JumpR2 and Shamey respectfully request that this Court enter an Order providing for:

(A) Judgment in favor of Plaintiffs, JumpR2 and Shamey and against defendant ARCpoint Occupational Solutions, LLC for the amount of damages proven at trial;

(B) Award Plaintiffs, JumpR2 and Shamey their attorneys' fees and costs of suit from Defendant ARCpoint Occupational Solutions, LLC; and

(C) Award such other and further relief as the Court deems just and appropriate.

COUNT XIII- TORTIOUS INTERFERENCE WITH BUSINESS RELATIONSHIPS

Brought by all Plaintiff's against AFG

170) Paragraphs 1 through 29 are restated, realleged and incorporated as paragraph 137 of Count I X of the Complaint.

171) The business relationships that the Plaintiff Franchisees entered into as set forth and described below were known to AFG.

172) Subsequent to the execution of Plaintiffs' Franchise Agreements, AFG entered into agreements with various vendors. The goal was for ARCpoint franchisees to have

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

access to services provided by various vendors which would aid in the growth of their franchises.

173) One such agreement was with a company known as "E-screen." E-screen provides testing services for its clients (generally large businesses with multiple locations in multiple states). ARCpoint franchisees were to provide test collection services for e-screen. For a period of time, Plaintiffs provided collections services to e-screen, earning substantial income for their efforts.

174) In 2016, due solely to actions taken by AFG, E-screen began terminating their business relationships with ARCpoint franchisees altogether or greatly reduced the volume of business sent to ARCpoint franchisees. For example:

a. Plaintiffs Florence, ODS and Myrtle Beach, ODS did approximately $30,000 worth of collections for E-screen in 2014 and 2015; in 2016, as a result of E-Screen's termination, he did just under $8,000 worth of collections.

b. Shamey, LLC did $30,411.00 worth of collections for E-Screen in 2015; in 2016; the value of the collections done was $17,399.00.

c. Plaintiff, JumpR2 was averaging about $8,000 per month in collections in calendar year 2014; by 2015 that number was reduced to approximately $1,200-1,300 per month.

175) AFG is believed to have previously signed an "exclusive" contract with a vendor known as DRUG PAK. Drug Pak provides drug testing software management.

176) Plaintiffs understand that Drug Pak believes it had an exclusive agreement with AFG to provide drug testing software to all of the ARCpoint franchisees. Pursuant to the agreement reached between AFG and Drug Pak, Plaintiff Myrtle Beach, ODS and

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Florence ODS, Inc., have been using the Drug Pak software for a number of years and paid additional monies for use of same.

177) However, within the last ninety days, Drug Pak informed Myrtle Beach ARCpoint and Florence ODS, Inc. that they will not provide any further updates to the system.

178) Drug Pak advised Myrtle Beach, ODS and Florence ODS, that it will not provide requested updates to these Franchises because AFG has breached the exclusive use agreement it had with Drug Pak as many ARCpoint franchisees do not use Drug Pak and were not even aware of Drug Pak, Drug Pak has advised that it views the foregoing as a breach of their contract with AFG.

179) As Myrtle Beach, ODS and Florence, ODS, Inc are not able to update the software they have been using for a number of years, they have lost/will lose a number of years' worth of work, solely because, on information and belief, AFG breached its contract with Drug Pak

180) AFG has engaged in a pattern of behavior of frequently changing authorized vendors that Plaintiff Franchisees can utilize.

181) One of the services franchisees can perform are background checks.

182) AFG negotiated an agreement for franchisees to use the services of a company known as Aurico to provide background screening services.

183) In 2016, AFG notified the franchisees that Aurico was terminating its relationship with AFG and no new business could be placed through Aurico.

184) Prior to Aurico, the vendor to be used for background checks was Global HR.

185) However, AFG terminated the relationship with Global HR and mandated that Plaintiffs use Aurico.

186) As a result of AFG's actions repeated changes of the vendors and suppliers the Franchisees may use, the ARCpoint Franchisees' clients lose confidence and ultimately clients are lost when Plaintiff franchisees are forced to change vendors.

187) AFG has mandated that all Franchisees, including the Plaintiffs must maintain a website. AFG has all mandated that all Franchisees must use the same website manager. Not only must Plaintiff Franchisees use the mandated website provider, but they must also pay a monthly fee for each of their websites.

188) Within the last ninety days, Plaintiff Franchisees have discovered that the website manager does not manage the websites to the benefit of the individual Plaintiff franchisee, but to the benefit of AFG. Plaintiffs have also learned that they are being charged a price for the web-site management that they are informed and believe is two to three times higher than what other web- site managers charge.

189) Within the last six to nine months and at the suggestion of AFG, Plaintiffs Blue Lizard, Inc., and Seltz/Datlow began to use a Medical Review Officer known as Donald Freedman, American Medical Review instead of AFG's previously recommended Medical Review Officer provider, Nationwide Medical Review.

190) The reason for the change was that lower fees had been negotiated. Within ninety (90) days of the filing of this complaint, Plaintiffs Blue Lizard, Inc., and Seltz/Datlow received a call from Freedman, stating that their fees would be increasing, as the volume promised by AFG had not materialized.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

191) Overall, through no fault of Plaintiffs' (or any of the ARCpoint franchisees), Plaintiffs have lost business and been harmed in other ways due to AFG's breaches of contracts with other vendors and/or decisions made by AFG to partner with other vendors to the detriment of prior relationships AFG had established.

192) Additionally, AFG and AOS have told clients of ARCpoint franchisees that ARCpoint franchisees are incompetent and that the services of franchisees should not be used.

193) At all times relevant herein, AFG was aware of the contracts between itself and various vendors, purportedly executed for the benefit of Plaintiff franchisees and was aware of the harm that would befall Plaintiff franchisees if said contracts were breached.

194) The actions of AFG as set forth above clearly indicate that AFG have acted in a manner that is not only not beneficial to Plaintiffs', but in a manner that has actually harmed Plaintiffs' through an actual loss of business and other opportunities.

Wherefore, Plaintiffs respectfully request that judgment be entered in their favor and against Defendant AFG, as follows:

A. For an award of compensatory damages against AFG;

B. Reimbursement for attorneys' fees and costs incurred; and

C. For such other and further relief as this Court deems just and equitable.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

PRAYER FOR RELIEF

WHEREFORE, the Plaintiffs respectfully requests that this Court enter judgment against Defendants as follows:

1. The Plaintiffs be awarded all relief requested in Count I of this Complaint;

2. The Plaintiffs receive an award of all actual damages sustained;

3. The Plaintiffs receive an award of all such damages sustained as a consequence of Defendants' unlawful acts;

4. The Plaintiffs receive an award of exemplary and punitive damages in an amount to be determined by the jury;

5. The Plaintiffs receive an award of treble damages in accordance with SCUTPA;

6. The Defendants be enjoined from any further infringing activities in accordance with SCUTPA;

7. The Plaintiffs receive an award of all costs, interests and reasonable attorneys' fees incurred in this action;

8. The Plaintiffs receive an award of such additional and further relief as the Court deems just and proper.

Respectfully Submitted,

By: *s/ Joshua L. Howard*

Joshua L. Howard (Bar No. 70260)
Womble Carlyle Sandridge & Rice, LLP
P.O. Box 10208
Greenville, SC 29603
Telephone: 864.255.5406
Email: JHoward@wcsr.com

Of counsel:

Jeffrey C. Blumenthal, Esq.
Karl L. Felbinger, Esq.
Jeffrey C. Blumenthal Chartered
2970 Maria Avenue, Suite # 223
Northbrook, Illinois 60062
T:(847) 498-3220
F: (847) 498-3221
E-mail: jeffrey@jcblawyer.com.

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ACCUDIAGNOSTICS FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this ____ day of _____, 20____, is by and between AccuDiagnostics Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 355 Woodruff Road, Suite403, Greenville, South Carolina 29607 ("Franchisor"), and _____ _____, whose principal address is _____ _____, an individual/partnership/corporation/limited liability company established in the State of _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "AccuDiagnostics" and relating to the establishment, development and operation of "AccuDiagnostics Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single AccuDiagnostics Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an AccuDiagnostics Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "AccuDiagnostics Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 1 ALL-STATE® INTERNATIONAL

"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Area of Primary Responsibility" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by AccuDiagnostics Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an AccuDiagnostics Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cooperative Advertising" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the AccuDiagnostics Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means AccuDiagnostics Franchise Group, LLC; a South Carolina limited liability company;

Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash,

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Manual" means the AccuDiagnostics Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "AccuDiagnostics" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with AccuDiagnostics Businesses;

"National Accounts" means customers or referral sources with locations in, desiring AccuDiagnostics services or products in, or referring customers from multiple AccuDiagnostics market areas;

"Royalty Fee" has the meaning given to such term in Section 3.2; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an AccuDiagnostics Business.

"**Territory Center**" means the area within an Area of Primary Responsibility which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) AccuDiagnostics Business using the System and Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Area of Primary Responsibility according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Area of Primary Responsibility

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other AccuDiagnostics Business or other substantially similar business within an area ("Area of Primary Responsibility") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses and 4,000 select businesses. Population demographics shall be determined by reference to the most recent figures available from the U.S. Census Bureau at the time the Area of Primary Responsibility is designated. The Area of Primary Responsibility shall be defined by and exist within the following physical, political or natural boundaries:

_____

_____

_____.

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, AccuDiagnostics Businesses outside of the Area of Primary Responsibility as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Area of Primary Responsibility;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Area of Primary Responsibility. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Area of Primary Responsibility which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees area of primary responsibility or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a AccuDiagnostics Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Area of Primary Responsibility;

2.6.5 provide the services and sell the products authorized for AccuDiagnostics Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for AccuDiagnostics Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Area of Primary Responsibility if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Area of Primary Responsibility") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Area of Primary Responsibility if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Area of Primary Responsibility of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other AccuDiagnostics Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of _____ DOLLARS ($_____). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Royalty Fee

Each week, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding week or a weekly minimum of ONE THOUSAND EIGHT HUNDRED TWENTY TWO DOLLARS AND FIFTY CENTS ($1,822.50) of gross sales which is NINETY ONE DOLLARS AND FIFTY CENTS ($91.13). Franchisee shall pay the Royalty Fee and submit the Gross Sales Report weekly from the previous week's sales. Each week Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.6, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.3 The Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute THIRTY FIVE HUNDRED DOLLARS ($3,500.00) for small market franchise and SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7500.00) for large market franchise to this fund when you execute the franchise agreement. An ongoing CAMPA fund of two percent (2%) of gross dales will be electronically deducted weekly. These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

3.4 Convention Fund

Franchisee may be required to contribute to a weekly convention fund of TWENTY-FIVE DOLLARS ($25.00) a week for a twelve (12) month period. This fund will insure that all franchisees are financially able to attend the national conventions and conferences. This fund has a TWELVE HUNDRED DOLLAR ($1200.00) cap for each annual convention.

3.5 Technology Development and Software Fund

Franchisee will be required to pay a weekly fee of THIRTY-FIVE DOLLARS ($35.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3.6 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.7 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.8 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees.

3.9 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other AccuDiagnostics Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site

without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

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5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an AccuDiagnostics Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location for the Franchised Business within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.5, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.6 Opening

5.6.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.6.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.6.1.2 complete initial training to the satisfaction of Franchisor;

5.6.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.6.1.4 pay in full all amounts due to Franchisor;

5.6.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.6.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.6.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.6.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.6.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

5.7 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.7, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to

be a penalty.

5.8 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an AccuDiagnostics Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.9 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.6. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated AccuDiagnostics Franchise."

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "AccuDiagnostics" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "AccuDiagnostics" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among AccuDiagnostics franchisees if owners of AccuDiagnostics Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days after the Effective Date, an initial training program consisting of approximately one (1) to two (2) weeks of classroom and on-the-job instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

8.2 Opening Assistance

In conjunction with to, the beginning of operation of the Franchised Business, Franchisor shall make available to Franchisee, for approximately five (5) days, one (1) of Franchisor's representatives, experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training if Franchisor determines that manager changes are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate

manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TWENTY THOUSAND DOLLARS ($20,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.3. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

10.3 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular AccuDiagnostics Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 Accudiagnostics Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to six (6) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the Accudiagnostics Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the Accudiagnostics Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct Accudiagnostics Sales Acceleration Program Advertising. This program will encompass direct mail and sales lead generation telemarketing in conjunction with one (1) week of onsite sales calls with one of Franchisor's field marketing representatives. Accudiagnostics Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund").Franchisee shall be required to contribute weekly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time. National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each AccuDiagnostics Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised AccuDiagnostics Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of AccuDiagnostics Businesses located within a particular region. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of THIRTY FIVE HUNDRED DOLLARS ($3,500.00) for small market franchise and SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00) for large market franchise is due with the execution of the franchise agreement. Franchisee shall make weekly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a weekly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that weeks Gross Sales. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.accudiagnostics.com* that provides information about the System and the services that AccuDiagnostics Businesses provide. Franchisor may, at its option, include at the AccuDiagnostics website an interior page containing information about the Franchised Business. If Franchisor includes such information on the AccuDiagnostics website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the AccuDiagnostics website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other AccuDiagnostics Businesses operating within the distribution area of the directories. If a joint listing is obtained, all AccuDiagnostics Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month.

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding mouth and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more

franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Sales Quotas

13.2.1 During the term of this Agreement, Franchisee shall be required to meet the following minimum sales quotas:

13.2.2 within twelve (12) months of the Effective Date, Franchisee shall average sales quota of one hundred seventy five thousand dollars $175,000;

13.2.3 within twenty-four (24) months of the Effective Date, Franchisee shall average sales quota of two hundred twenty-five thousand dollars $225,000

13.2.4 within thirty-six (36) months of the Effective Date, Franchisee shall average sales quota of three hundred thousand dollars $300,000;

13.2.5 within forty-eight (48) months of the Effective Date, Franchisee shall average sales quota of three hundred seventy-five thousand dollars $375,000;

13.2.6 within sixty (60) months of the Effective Date, Franchisee shall average sales quota of four hundred fifty thousand dollars $450,000 and

13.2.7 for smaller franchise markets, these minimum sales quota numbers may be lower.

13.2.8 If Franchisee fails to meet the minimum sales quotas set forth herein, Franchisor may, in its sole discretion, provide Franchisee an additional one hundred twenty (120) days following the expiration of any twelve (12) month period during the term of this Agreement to meet Franchisor's minimum sales quotas. Upon Franchisee's request, if Franchisor in its sole discretion deems such request to be reasonable and appropriate, Franchisor shall make available to Franchisee one (1) of Franchisor's representatives to render assistance to Franchisee for a period of three (3) days provided, however, that Franchisee shall be responsible for all travel, food and lodging expenses incurred by Franchisor's representative in providing such assistance. If Franchisee is unable to make progress in attaining average monthly sales levels that are on track to meet the sales quotas, Franchisor may assist you in positioning the Franchised Business for sale and work with Franchisee to find a qualified buyer.

13.3 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.4 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.9 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

13.10 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.11 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the Accudiagnostics domain with first initial and last name @accudiagnostics.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to AccuDiagnostics Businesses, the experience of Franchisor's franchisees in operating AccuDiagnostics Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring AccuDiagnostics services in the Franchised Business's Area of Primary Responsibility. If Franchisor does establish such an account, Franchisee has the right to service such account. Franchisee shall be entitled to seventy-five percent (75%) of the price charged to such National Account by Franchisor, and Franchisor shall retain the remaining twenty-five percent (25%). If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Area of Primary Responsibility itself, or to allow other AccuDiagnostics Businesses or third parties to service such accounts.

14.3 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of AccuDiagnostics services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher,

each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to ONE HUNDRED FIFTY DOLLARS ($150.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "AccuDiagnostics" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Area of Primary Responsibility (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other AccuDiagnostics Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of FIVE THOUSAND DOLLARS ($5,000.00);

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to ONE HUNDRED FIFTY DOLLARS ($150.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's

(a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

AccuDiagnostics Franchise Group, LLC
Attention: President
355 Woodruff Road, Suite 302
Greenville, South Carolina 29607

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's AccuDiagnostics Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an AccuDiagnostics Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ACCUDIAGNOSTICS FRANCHISE GROUP, LLC

By:_____

Name:_____

Title:_____

FRANCHISEE:_____
(type/print name)

By:_____

Name:_____

Title:_____

[or, if an individual]

Signed:_____

Name printed:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by AccuDiagnostics Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 200___, by and between _____, ("Franchisee") (d/b/a an AccuDiagnostics Franchise) and _____ ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") by and between Franchisee and AccuDiagnostics Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in AccuDiagnostics Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to AccuDiagnostics Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv)

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a AccuDiagnostics Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "AccuDiagnostics" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with AccuDiagnostics Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of AccuDiagnostics Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other AccuDiagnostics Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other AccuDiagnostics Businesses.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines

that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE:

By:_____

Its:_____

INDIVIDUAL:

Signature:_____

Printed Name:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of ___, 20____, by._____

_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by AccuDiagnostics Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to 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 shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
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_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Officers and Directors:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
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_____
Telephone No.:_____
E-mail address:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 19th day of January, 2010, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 355 Woodruff Road, Suite403, Greenville, South Carolina 29607 ("Franchisor"), and Greg Bowman, whose principal address is 568 Crofton Park Lane Franklin, TN 37069, an individual/partnership/corporation/limited liability company established in the State of Tennessee "Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 2 ALL-STATE® INTERNATIONAL

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"**Approved Supplier(s)**" has the meaning given to such term in Section 13.1;

"**Area of Primary Responsibility**" has the meaning given to such term in Section 2.5;

"**Competitive Business**" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"**Confidential Information**" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"**Cooperative Advertising**" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"**Designated Manager**" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"**Effective Date**" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"**Franchise**" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"**Franchise Fee**" has the meaning given to such term in Section 3.1;

"**Franchised Business**" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"**Franchisee**" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"**Franchisor**" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

Generally Accepted Accounting Principles" or "**GAAP**" means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"**Gross Sales**" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"**Incapacity**" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"**Internet**" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"**Local Advertising**" has the meaning given to such term in Section 11.2;

"**Manual**" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"**Marketing Fund**" has the meaning given to such term in Section 11.3;

"**Marketing Fund Contribution**" has the meaning given to such term in Section 11.3;

"**Marks**" means the service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"**National Accounts**" means customers or referral sources with locations in, desiring ARCpoint services or products in, or referring customers from multiple ARCpoint market areas;

"**Royalty Fee**" has the meaning given to such term in Section 3.2; and

"**System**" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

"**Territory Center**" means the area within an Area of Primary Responsibility which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

TBD

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Area of Primary Responsibility according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Area of Primary Responsibility

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Area of Primary Responsibility") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses and 4,000 select businesses. Population demographics shall be determined by reference to the most recent figures available from the U.S. Census Bureau at the time the Area of Primary Responsibility is designated. The Area of Primary Responsibility shall be defined by and exist within the following physical, political or natural boundaries:

091 Nashville TN (Nashville East, Brentwood) See Attached Territory Study

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Area of Primary Responsibility as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Area of Primary Responsibility;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Area of Primary Responsibility. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Area of Primary Responsibility which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees area of primary responsibility or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Area of Primary Responsibility;

2.6.5 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Area of Primary Responsibility if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Area of Primary Responsibility") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Area of Primary Responsibility if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Area of Primary Responsibility of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other ARCpoint Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of EIGHTY THOUSAND DOLLARS ($80,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

IN THE STATES OF CALIFORNIA AND ILLINOIS, THE INITIAL FRANCHISE FEE WILL BE DEFERED UNTIL ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU HAVE BEEN MET.

3.2 Royalty Fee

Each week, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding week or a weekly minimum of EIGHTY SEVEN DOLLARS AND FIFTY CENTS (87.50), which ever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report weekly from the previous week's sales. Each week Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.5, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.3 The Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute THIRTY FIVE HUNDRED DOLLARS ($3,500.00) for ARCpoint Mobile small market franchise and SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7500.00) for large market franchise to this fund when you execute the franchise agreement. An ongoing CAMPA fund of two percent (2%) of gross dales will be electronically deducted weekly. These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

3.4 Technology Development and Software Fund

Franchisee will be required to pay a weekly fee of THIRTY-FIVE DOLLARS ($35.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.5 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.6 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.7 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100.

3.8 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 **Development of Approved Location**

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location for the Franchised Business within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.5, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.6 Opening

5.6.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.6.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.6.1.2 complete initial training to the satisfaction of Franchisor;

5.6.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.6.1.4 pay in full all amounts due to Franchisor;

5.6.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.6.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.6.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.6.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.6.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

5.7 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.7, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to

be a penalty.

5.8 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.9 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.6. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee

(or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days after the Effective Date, an initial training program consisting of approximately one (1) to two (2) weeks of classroom and on-the-job instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

In conjunction with to, the beginning of operation of the Franchised Business, Franchisor shall make available to Franchisee, for approximately five (5) days, one (1) of Franchisor's representatives, experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall return to Franchisee fifty percent (50%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training if Franchisor determines that manager changes are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of

this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TWENTY THOUSAND DOLLARS ($20,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.3. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to six (6) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass direct mail and sales lead generation telemarketing in conjunction with one (1) week of onsite sales calls with one of Franchisor's field marketing representatives. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund").Franchisee shall be required to contribute weekly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time. National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each ARCpoint Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located within a particular region. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of THIRTY FIVE HUNDRED DOLLARS ($3,500.00) for ARCpoint Mobile small market franchise and SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00) for large market franchise is due with the execution of the franchise agreement. Franchisee shall make weekly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a weekly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that weeks Gross Sales. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising

Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.ARCpointus.com* that provides information about the System and the services that ARCpoint Businesses provide. Franchisor may, at its option, include at the ARCpoint website an interior page containing information about the Franchised Business. If Franchisor includes such information on the ARCpoint website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the ARCpoint website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other ARCpoint Businesses operating within the distribution area of the directories. If a joint listing is obtained, all ARCpoint Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month.

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding mouth and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Sales Quotas

13.2.1 During the term of this Agreement, Franchisee shall be required to meet the following minimum sales quotas:

13.2.2 within twelve (12) months of the Effective Date, Franchisee shall average sales quota of one hundred seventy five thousand dollars $175,000;

13.2.3 within twenty-four (24) months of the Effective Date, Franchisee shall average sales quota of two hundred twenty-five thousand dollars $225,000

13.2.4 within thirty-six (36) months of the Effective Date, Franchisee shall average sales quota of three hundred thousand dollars $300,000;

13.2.5 within forty-eight (48) months of the Effective Date, Franchisee shall average sales quota of three hundred seventy-five thousand dollars $375,000;

13.2.6 within sixty (60) months of the Effective Date, Franchisee shall average sales quota of four hundred fifty thousand dollars $450,000 and

13.2.7 for smaller franchise markets, these minimum sales quota numbers may be lower.

13.2.8 ~~If Franchisee fails to meet the minimum sales quotas set forth herein, Franchisor may, in its sole discretion, provide Franchisee an additional one hundred twenty (120) days following the expiration of any twelve (12) month period during the term of this Agreement to meet Franchisor's minimum sales quotas~~. Upon Franchisee's request, if Franchisor in its sole discretion deems such request to be reasonable and appropriate, Franchisor shall make available to Franchisee one (1) of Franchisor's representatives to render assistance to Franchisee for a period of three (3) days provided, however, that Franchisee shall be responsible for all travel, food and lodging expenses incurred by Franchisor's representative in providing such assistance. If Franchisee is unable to make progress in attaining average monthly sales levels that are on track to meet the sales quotas, Franchisor may assist you in positioning the Franchised Business for sale and work with Franchisee to find a qualified buyer.

13.3 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.4 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding

vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.9 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

13.10 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.11 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @ARCpoint.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Area of Primary Responsibility. If Franchisor does establish such an account, Franchisee has the right to service such account. Franchisee shall be entitled to seventy-five percent (75%) of the price charged to such National Account by Franchisor, and Franchisor shall retain the remaining twenty-five percent (25%). If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Area of Primary Responsibility itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

14.3 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher,

each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons; fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to ONE HUNDRED FIFTY DOLLARS ($150.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Area of Primary Responsibility (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of FIVE THOUSAND DOLLARS ($5,000.00);

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to ONE HUNDRED FIFTY DOLLARS ($150.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's

(a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
355 Woodruff Road, Suite 403
Greenville, South Carolina 29607

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ARCPOINT FRANCHISE GROUP, LLC

Signed: _____

Name: Felix A. Mirando III

Title: President/CEO

INDIVIDUAL:

Signed: _____

Name printed: Greg Bowman

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20___ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 19th day of January, 2010, by and between _____, ("Franchisee") (d/b/a an ARCpoint Franchise) and Greg Bowman ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated December 21st, 2010 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Lab Test MD Addendum to
ARCpoint Franchise Agreement for
New Franchisees

This Addendum is executed on 2/8, 2011 between ARCpoint Franchise Group, LLC ("Franchisor") and Gary Brennan ("Franchisee").

BACKGROUND:

A. On this date, the parties are executing an ARCpoint Franchise Agreement ("Franchise Agreement") for the Franchisee's operation of an ARCpoint business at a location approved by Franchisor ("Approved Location").

B. Franchisor has designated Lab Test MD, LLC ("LTMD") as the approved supplier of certain lab tests requiring blood draws or a physician or health services provider order to a clinical laboratory ("LTMD Services").

C. Franchisee wants to offer LTMD Services from the Approved Location.

D. The parties are confirming their understanding and agreement on Franchisee's offer of the LTMD Services in this Addendum.

AGREEMENT

The parties agree as follows:

1. Training; Training Fee. Before offering the LTMD Services to its clients, Franchisee must successfully complete the two day Lab Test MD training which will be held in Greenville, South Carolina. Upon signing this Addendum, Franchisee will pay Franchisor a $10,000 Training Fee.

2. Medical Service Fee. Franchisee will pay LTMD a weekly medical service fee equal to 7% of Franchisee's gross revenues from the sale of LTMD Services.

3. Use of LTMD Marks. Franchisee may only use the LTMD Marks in the manner and to the extent approved by LTMD and Franchisor from time to time. In the event any claim is made against Franchisee as a result of Franchisee's use of the LTMD Marks, Franchisee must immediately notify Franchisor and LTMD. Franchisee acknowledges and agrees that neither Franchisor nor LTMD are required to defend Franchisee's use of the LTMD Marks and that Franchisee may be required to refrain from using the LTMD Marks or to substitute alternate Marks at any time upon written notice from Franchisor.

4. Quality Standards. Franchisee may only offer the LTMD Services in compliance with the quality standards and operating procedures provided by Franchisor from time to time. Franchisee acknowledges that it will receive operational standards and procedures by way of

manual and other written and electronic notices and bulletins and must comply with such standards and procedures.

5. Insurance. In addition to the insurance Franchisee is required to maintain under the Franchise Agreement, Franchisee must also participate in the LTMD medical malpractice insurance program and maintain a minimum of $1,000,000 in medical malpractice coverage.

6. Compliance with Laws. In addition to the general obligation to comply with all laws and regulations covering Franchisee's business, Franchisee must implement and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of personal information and to meet any other applicable requirements necessary to safeguard confidential information, including any applicable requirements under the Health Insurance Portability and Accountability Act of 1996 ("HIPPA"), and any other regulations which apply to offering the LTMD Services.

7. Miscellaneous.

A. All capitalized terms in this Addendum have the same meaning as in the Franchise Agreement.

B. All disputes under this Addendum will be resolved in the same manner as provided in the Franchise Agreement.

C. Except as expressly provided in this Addendum, the Franchise Agreement will be enforced according to its terms.

FRANCHISEE:

_____

By:_____
Title:_____

ARCPOINT FRANCHISE GROUP, LLC

By:_____
Title:_____

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this _____ day of _____, 20_____, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 123 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and _____ _____, whose principal address is _____ _____, an individual/partnership/corporation/limited liability company established in the State of ____ _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 3 ALL-STATE® INTERNATIONAL

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Protected Territory" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cooperative Advertising" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash,

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means customers or referral sources with locations in, desiring ARCpoint services or products in, or referring customers from multiple ARCpoint market areas;

"Royalty Fee" has the meaning given to such term in Section 3.3; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

"Territory Center" means the area within a Protected Territory which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Protected Territory

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Protected Territory") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses and 4,000 select businesses. Population demographics shall be determined by reference to the most recent figures available from the U.S. Census Bureau at the time the Protected Territory is designated. The Protected Territory shall be defined by and exist within the following physical, political or natural boundaries:

_____

_____

_____.

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Protected Territory as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.6.5 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Protected Territory") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Protected Territory if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Protected Territory of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other ARCpoint Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

Franchisor may establish National Accounts that franchisee will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to

compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of _____DOLLARS ($_____). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

The Initial Franchise Fee of $35,000 for either the Full Service market franchise andthe ACRpoint Mobile franchise. If you wish to open additional franchises, you will receive a discount on the franchise fee as as follows:, Multi-Unit franchise fees for territory one is $35,000, territory two is $30,000, territory three is $25,000 and territory four or more is $20,000 for each additional territory. The franchise fees are paid to us in a lump sum when you sign the Franchise Agreement and is non refundable except as described below. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees If you purchase multiple territories, all franchise fees are payable when the franchise agreement is executed. You must sign separate franchise agreements for each additional franchise you acquire.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3.2 Initial Training Fees

Upon execution of this Agreement, Franchisee shall pay a Fee (Certification and Drug and Alcohol Training) to Franchisor for initial training, certification and drug and alcohol training of EIFHT THOUSAND DOLLARS ($8,000). The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.3 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding month or a nmonthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.0), whichever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report monthly from the previous month's sales. Each Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.8, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.4 National Marketing Fund

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("National Marketing Fund Fee") equal to three percent (3%) of Gross Sales for the preceding month. Franchisee shall pay the National Marketing Fund Fee and submit the Gross Sales Report monthly from the previous month's sales. Each National Marketing Fund Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.87, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.5 ARCPoint Sales Accelerated Program,

Franchisee will pay $15,000 for the Sales Accelerated Program ("ASAP") to Franchisor upon execution of the franchise agreement. This program will last a minimum of 6 – 12 months and will be used for lead generation, sales coaching, Google Ad Word campaigns, e-mail marketing etc. and appointment management. Franchisor will provide you with guidance for conducting the accelerated sales program, and Franchisor will review and approve the materials that the Franchisee will use in the ARCpoint accelerated sales program advertising.

3.6 The California and Nevada Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees in the California and Nevada region, and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) to this fund upon execution of the franchise agreement and is included in the $15,000 payment to the ASAP described in Section 3.3. An ongoing CAMPA fund of two percent (2%) of gross sales will be electronically deducted monthly in the same manner as the Royalty Fee. This fee is included in the 3% monthly deduction of the National Marketing Fund as described in Section 3.3 above . These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

3.7 Technology Development and Software Fund

Franchisee will be required to pay a monthly fee of EIGHTY-FIVE DOLLARS ($85.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.8 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.5.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the

Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days after the Effective Date, an initial training program consisting of approximately eight (8) days of classroom

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. One to two weeks prior to opening the franchisee must spend one (1) to five (5) days at the corporate lab or a certified franchisee lab for a refresher and hands on training. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business and included in the Initial Training Fee, Franchisor shall make available to Franchisee, for three (3) days, one (1) of Franchisor's representatives, (who could be a Franchise Mentor), experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses. Franchisor may utilize the mentor program for on site training.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program for a fee of two hundred dollars ($200) per day. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar

year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to twelve (12) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass Numerous marketing initiatives including lead generation telemarketing, Google Ad Word campaigns, SEO optimization, sales coaching, web page development, additional on site visits etc. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund"). Franchisee shall be required to contribute monthly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time, but which is currently three (3)% of the previous month's gross sales . National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each ARCpoint Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located in California and Nevada. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) is due with the execution of the franchise agreement. Franchisee shall make monthly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a monthly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that month's Gross Sales and is included in the monthly payment of 3% of Gross Sales to the National Marketing Fund described in Section 11.3 above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.arcpointlabs.com* that provides information about the System and the services that ARCpoint Businesses provide. Franchisor may, at its option, include at the ARCpoint website an interior page containing information about the Franchised Business. If Franchisor includes such information on the ARCpoint website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the ARCpoint website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other ARCpoint Businesses operating within the distribution area of the directories. If a joint listing is obtained, all ARCpoint Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including a laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits

13.1.6 At no time shall you offer any service or product, through any business entity in which you have any equity interest, to any customer or potential customer of any franchisee (including yourself) or affiliate. Likewise, at no time shall you offer any service or product, through any business entity in which you have any equity interest, to any competitor of any franchisee (including yourself) or affiliate. Such products and services shall include, but are not limited to, medical review officer services, training and compliance services, computer, internet, or accounting software services designed for the drug testing industry, policy implementation services and advice services (such as "Drug Free Work Place"), or training services of any kind related to the drug testing industry.

13.1.7 We may establish National Accounts that you will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

13.1.8 As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider.

13.1.9 As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between

the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.1.10 As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee and cannot be initially operated by an absentee owner. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager who need not have an equity interest in the financial business.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. . National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.. If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Protected Territory itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

14.3 Periodic Visits

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.1.8 Medical mal practice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWELVE THOUSAND FIVE HUNDRED DOLLARS ($12,500).

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of

directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this

Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
220 North Main St. Suite 325
Greenville, South Carolina 29601

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations

attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial

Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

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24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.6.1 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.

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ARCPOINT FRANCHISE GROUP, LLC

By:_____

Name:_____

Title:_____

FRANCHISEE:_____
(type/print name)

By:_____

Name:_____

Title:_____

[or, if an individual]

Signed:_____

Name printed:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

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ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 200___, by and between _____, ("Franchisee") (d/b/a an ARCpoint Franchise) and _____ ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE:

By:_____

Its:_____

INDIVIDUAL:

Signature:_____

Printed Name:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of ___ , 20____, by._____

_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by ARCpoint Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to 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 shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership: _____%

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____
Percentage of ownership _____%

Officers and Directors:

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:___

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____
E-mail address:_____

Name:_____
Position/Title:_____
Home Address:_____
_____
_____
Telephone No.:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 14 day of March, 2012, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 220 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and Employer's Choice Testing, LLC, whose principal address is 3131 Sable Crossing, San Antonio, TX 78232, a Limited Liability Company established in the State of Texas ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 4 ALL-STATE® INTERNATIONAL

"**Approved Supplier(s)**" has the meaning given to such term in Section 13.1;

"**Protected Territory**" has the meaning given to such term in Section 2.5;

"**Competitive Business**" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"**Confidential Information**" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"**Cooperative Advertising**" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"**Designated Manager**" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"**Effective Date**" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"**Franchise**" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"**Franchise Fee**" has the meaning given to such term in Section 3.1;

"**Franchised Business**" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"**Franchisee**" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"**Franchisor**" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

"**Generally Accepted Accounting Principles**" or "**GAAP**" means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"**Gross Sales**" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash,

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means customers or referral sources with locations in, desiring ARCpoint services or products in, or referring customers from multiple ARCpoint market areas;

"Royalty Fee" has the meaning given to such term in Section 3.3; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

"Territory Center" means the area within a Protected Territory which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Protected Territory

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Protected Territory") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses which includes a minimum of 4,000 targeted businesses (5 or more employees). Population demographics shall be determined by reference to the most recent figures available from research provided by Data Depot, 6822 22nd Avenue North, Suite 284 St. Petersburg, Florida, 33710 and Territory Solutions International, 11 Golden Corner Way, Randolph, NJ 07869. at the time the Protected Territory is designated. The Protected Territory shall be defined by and exist within the following physical, political or natural boundaries:

Market Territory: Texas: TX005 "San Antonio South"* which encompasses the following zip codes and is delineated in blue in the attached Territory Study Map: 78234, 78219, 78202, 78204, 78241, 78211, 78235, 78222, 78263,78224, 78073, 78223, 78214, 78221, 78052, 78069, 78264, 78112, 78050, 78065, 78064, 78114, 78147, 78113, 78008, 78062, 78012, 78026, and 78011. *Actual dba name will be determined based on ARCpoint Franchise Group's Naming Convention, which seeks to adhere to Internet Search Engine Optimization Best Practices

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Protected Territory as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory;

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.6.5 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 **Marketing and Solicitation Restrictions**

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Protected Territory") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Protected Territory if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Protected Territory of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other ARCpoint Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

Franchisor may establish National Accounts that franchisee will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of Thirty-Five Thousand Dollars ($35,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

The Initial Franchise Fee is $35,000 for either the Full Service market franchise and the ARCpoint Mobile franchise. If you wish to open additional franchises, you will receive a discount on the franchise fee as follows:, Multi-Unit franchise fees for territory one is $35,000, territory two is $30,000, territory three is $25,000 and territory four or more is $20,000 for each additional territory. The franchise fees are paid to us in a lump sum when you sign the Franchise Agreement and is non refundable except as described below. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees If you purchase multiple territories, all franchise fees are payable when the franchise agreement is executed. You must sign separate franchise agreements for each additional franchise you acquire.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3.2 Initial Training Fees

Upon execution of this Agreement, Franchisee shall pay a Fee (Certification and Drug and Alcohol Training) to Franchisor for initial training, certification and drug and alcohol training of EIGHT THOUSAND DOLLARS ($8,000). The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.3 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding month or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.0), whichever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report monthly from the previous month's sales. Each Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.8, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.4 National Marketing Fund

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("National Marketing Fund Fee") equal to three percent (3%) of Gross Sales for the preceding month. Franchisee shall pay the National Marketing Fund Fee and submit the Gross Sales Report monthly from the previous month's sales. Each National Marketing Fund Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.87, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.5 ARCPoint Sales Accelerated Program.

Franchisee will pay $15,000 for the Sales Accelerated Program ("ASAP") to Franchisor upon execution of the franchise agreement. This program will last a minimum of 6 – 12 months and will be used for lead generation, sales coaching, Google Ad Word campaigns, e-mail marketing etc. and appointment management. Franchisor will provide you with guidance for conducting the accelerated sales program, and Franchisor will review and approve the materials that the Franchisee will use in the ARCpoint accelerated sales program advertising.

3.6 The California and Nevada Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees in the California and Nevada region, and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) to this fund upon execution of the franchise agreement and is included in the $15,000 payment to the ASAP described in Section 3.3. An ongoing CAMPA fund of two percent (2%) of gross sales will be electronically deducted monthly in the same manner as the Royalty Fee. This fee is included in the 3% monthly deduction of the National Marketing Fund as described in Section 3.3 above . These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3.7 Technology Development and Software Fund

Franchisee will be required to pay a monthly fee of EIGHTY-FIVE DOLLARS ($85.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.8 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.5.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service

mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the

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Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

after the Effective Date, an initial training program consisting of approximately eight (8) days of classroom instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques. record keeping and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. One to two weeks prior to opening the franchisee must spend one (1) to five (5) days at the corporate lab or a certified franchisee lab for a refresher and hands on training. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business and included in the Initial Training Fee, Franchisor shall make available to Franchisee, for three (3) days, one (1) of Franchisor's representatives, (who could be a Franchise Mentor), experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses. Franchisor may utilize the mentor program for on site training.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program for a fee of two hundred dollars ($200) per day. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to twelve (12) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass Numerous marketing initiatives including lead generation telemarketing, Google Ad Word campaigns, SEO optimization, sales coaching, web page development, additional on site visits etc. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund"). Franchisee shall be required to contribute monthly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time, but which is currently three (3)% of the previous month's gross sales . National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each ARCpoint Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located in California and Nevada. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) is due with the execution of the franchise agreement. Franchisee shall make monthly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a monthly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that month's Gross Sales and is included in the monthly payment of 3% of Gross Sales to the National Marketing Fund described in Section 11.3 above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.arcpointlabs.com* that provides information about the System and the services that ARCpoint Businesses provide. Franchisor may, at its option, include at the ARCpoint website an interior page containing information about the Franchised Business. If Franchisor includes such information on the ARCpoint website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the ARCpoint website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other ARCpoint Businesses operating within the distribution area of the directories. If a joint listing is obtained, all ARCpoint Businesses listed together shall pay a *pro rata* share of

the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including a laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits

13.1.6 At no time shall you offer any service or product, through any business entity in which you have any equity interest, to any customer or potential customer of any franchisee (including yourself) or affiliate. Likewise, at no time shall you offer any service or product, through any business entity in which you have any equity interest, to any competitor of any franchisee (including yourself) or affiliate. Such products and services shall include, but are not limited to, medical review officer services, training and compliance services, computer, internet, or accounting software services designed for the drug testing industry, policy implementation services and advice services (such as "Drug Free Work Place"), or training services of any kind related to the drug testing industry.

13.1.7 We may establish National Accounts that you will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

13.1.8 As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

13.1.9 As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.1.10 As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee and cannot be initially operated by an absentee owner. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager who need not have an equity interest in the financial business.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.. If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Protected Territory itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested

in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

14.3 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.1.8 Medical mal practice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business. are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWELVE THOUSAND FIVE HUNDRED DOLLARS ($12,500).

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need

for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
220 North Main St. Suite 325
Greenville, South Carolina 29601

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.5 Unlimited Guaranty and Assumption of Obligations.

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.6.1 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.

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Mendez

Title: CEO

FRANCHISEE: Employer's Choice Testing, LLC

Signed: _____ - President

Name printed: Carolyn Hudson - President

Signed: _____

Name printed: Marlon Hudson, Vice President

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Addendum to ARCpoint Franchise Agreement

This document is made on March 14, 2012, by and between Employer's Choice Testing, LLC and ARCpoint Franchise Group, LLC in reference to The Franchise Agreement dated March 14, 2012 between Employer's Choice Testing, LLC and ARCpoint Franchise Group, LLC.

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions outlined below. These changes/additions shall be made valid as if they are included in the original stated contract.

Franchisee shall pay all training fees no later than 30 days prior to attending initial training at corporate headquarters.

Franchisee will not be required to fund the ARCpoint Sales Acceleration Program ("ASAP") upon execution of the Franchise Agreement. However, Franchisee shall be required, throughout the first year of operations, to pay certain marketing, advertising, and promotional expenses as Franchisor requires of all similarly situated Franchisees who have funded their ASAP, up to a maximum of $15,000. These expenses may be incurred initially by Franchisor, which shall then be reimbursed by Franchisee, immediately upon being invoiced, or Franchisor may require Franchisee to pay these expenses directly to the vendor as they come due. All other stipulations set out in the Franchise Agreement, regarding the ASAP remain.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum.

ARCpoint Franchise Group, LLC

By: [illegible]

Signature [illegible]

Title: CEO

Franchisee: Employer's Choice Testing, LLC

By: Carolyn Hudson

Signature [illegible]

Title: President

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Addendum to ARCpoint Franchise Agreement

This document is made on April 17, 2012, by and between Mark Hudson and ARCpoint Franchise Group, LLC in reference to the Franchise Agreement dated March 14, 2012, between Employer's Choice Testing, LLC and ARCpoint Franchise Group, LLC.

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions that are outlined below. These additions shall be made valid as if they are included in the original stated contract.

The attached document entitled "San Antonio Protected Territory Zip Code List", which includes all zip codes in the Protected Territory, shall take the place of those zip codes listed as inclusive of the Protected Territory in the above mentioned Franchise Agreement, and be incorporated into the original Agreement.

No other terms or conditions of the above mentioned Agreement shall be negated or changed as a result of this stated addendum.

Franchisor: ARCpoint Franchise Group, LLC

By: Liz Miranda

Signature:

Title: CEO

Franchisee: EMPLOYER'S CHOICE TESTING

By: MARK HUDSON

Signature: Mark Hudson

Title: VICE PRESIDENT

San Antonio Protected Territory Zip Code List

FRANCHISE	MARKET	ZIP5	ZC LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78008	Campbellton	13	123	5	107	2	50
TX005 San Antonio South	073 San Antonio	78011	Charlotte	42	409	13	351	4	260
TX005 San Antonio South	073 San Antonio	78012	Christine	9	382	4	372	2	182
TX005 San Antonio South	073 San Antonio	78026	Jourdanton	202	1,874	78	1,626	43	885
TX005 San Antonio South	073 San Antonio	78050	LEMING	5	183	1	175	0	0
TX005 San Antonio South	073 San Antonio	78052	Lytle	197	1,903	69	1,647	37	990
TX005 San Antonio South	073 San Antonio	78062	PEGGY	2	4	0	0	0	0
TX005 San Antonio South	073 San Antonio	78064	Pleasanton	550	5,177	217	4,511	108	2,707
TX005 San Antonio South	073 San Antonio	78065	Poteet	144	1,630	54	1,450	27	1,093
TX005 San Antonio South	073 San Antonio	78069	Somerset	76	663	31	573	16	352
TX005 San Antonio South	073 San Antonio	78073	Von Ormy	136	1,165	49	991	20	452
TX005 San Antonio South	073 San Antonio	78112	Elmendorf	102	911	39	785	22	438
TX005 San Antonio South	073 San Antonio	78113	Falls City	42	446	14	390	6	214
TX005 San Antonio South	073 San Antonio	78114	Floresville	498	4,570	184	3,944	96	2,473
TX005 San Antonio South	073 San Antonio	78147	Poth	54	474	26	418	11	265
TX005 San Antonio South	073 San Antonio	78202	San Antonio	327	3,449	125	3,047	70	1,900
TX005 San Antonio South	073 San Antonio	78203	San Antonio	182	1,919	63	1,681	39	1,020
TX005 San Antonio South	073 San Antonio	78204	San Antonio	595	8,869	226	8,131	178	2,955
TX005 San Antonio South	073 San Antonio	78205	San Antonio	2,288	34,630	861	31,778	858	14,108
TX005 San Antonio South	073 San Antonio	78206	SAN ANTONIO	23	297	11	273	5	195
TX005 San Antonio South	073 San Antonio	78207	San Antonio	1,584	23,170	580	21,164	345	11,656
TX005 San Antonio South	073 San Antonio	78208	San Antonio	158	2,610	74	2,442	38	1,688
TX005 San Antonio South	073 San Antonio	78210	San Antonio	874	10,692	261	9,466	156	6,341
TX005 San Antonio South	073 San Antonio	78211	San Antonio	752	6,774	203	5,676	100	2,997
TX005 San Antonio South	073 San Antonio	78214	San Antonio	638	5,814	214	4,966	105	2,675
TX005 San Antonio South	073 San Antonio	78215	San Antonio	459	6,401	208	5,899	153	4,085
TX005 San Antonio South	073 San Antonio	78219	San Antonio	993	21,081	534	20,163	276	11,474

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

FRANCHISE	MARKET	ZIP5	ZC LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78220	San Antonio	481	6,153	191	5,573	102	3,741
TX005 San Antonio South	073 San Antonio	78221	San Antonio	959	9,760	349	8,540	173	5,191
TX005 San Antonio South	073 San Antonio	78222	San Antonio	541	7,252	215	6,600	128	4,391
TX005 San Antonio South	073 San Antonio	78223	San Antonio	1,049	10,703	401	9,407	169	4,057
TX005 San Antonio South	073 San Antonio	78224	San Antonio	552	8,508	269	7,942	107	2,672
TX005 San Antonio South	073 San Antonio	78225	San Antonio	240	1,950	78	1,626	34	730
TX005 San Antonio South	073 San Antonio	78226	San Antonio	198	4,242	84	4,014	52	3,338
TX005 San Antonio South	073 San Antonio	78234	San Antonio	110	2,023	51	1,905	23	693
TX005 San Antonio South	073 San Antonio	78235	San Antonio	51	533	19	469	16	380
TX005 San Antonio South	073 San Antonio	78241	San Antonio	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78242	San Antonio	231	2,143	77	1,835	38	1,242
TX005 San Antonio South	073 San Antonio	78243	San Antonio	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78263	San Antonio	243	2,813	93	2,515	68	2,207
TX005 San Antonio South	073 San Antonio	78264	San Antonio	243	2,087	81	1,763	40	964
TX005 San Antonio South	073 San Antonio	78285	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78286	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78289	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78291	SAN ANTONIO	2	22	2	22	2	22
TX005 San Antonio South	073 San Antonio	78292	SAN ANTONIO	5	28	2	22	1	15
TX005 San Antonio South	073 San Antonio	78293	SAN ANTONIO	3	19	1	15	1	15
TX005 San Antonio South	073 San Antonio	78294	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78295	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78296	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78297	SAN ANTONIO	4	13	1	7	1	7
TX005 San Antonio South	073 San Antonio	78298	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78299	SAN ANTONIO	1	2	0	0	1	2

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____(company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public
My Commission expires:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 14 day of March, 2012, by and between Employer's Choice Testing, LLC, ("Franchisee") (d/b/a an ARCpoint Franchise) and Mark W. Hudson and Carolyn M. Hudson ("Individuals").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated March 14, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Employer's Choice Testing, LLC

Signature:_____

Printed Name:_____

INDIVIDUALS: Mark W. Hudson and Carolyn M. Hudson

Signature: Andrea Daigle

Printed Name: Andrea Daigle

Signature:_____

Printed Name:_____

Signature:_____

Printed Name:_____

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 14 day of March, 2012, by and between Employer's Choice Testing, LLC, ("Franchisee") (d/b/a an ARCpoint Franchise) and Mark W. Hudson and Carolyn M. Hudson ("Individuals").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated March 14, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Employer's Choice Testing, LLC

Signature: _____

Printed Name: Carolyn Hudson - President

INDIVIDUALS: Mark W. Hudson and Carolyn M. Hudson

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 14 day of March, 20 12, by Mark W. Hudson and Carolyn M. Hudson.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by ARCpoint Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Employer's Choice Testing, LLC, ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to 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 shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Mark W. Hudson
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

3131 Sable Crossing
San Antonio, TX ~~78270~~ 78257

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:49%

PERSONAL GUARANTOR

Carolyn M. Hudson
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

3131 Sable Crossing
San Antonio, TX ~~78270~~ 78257

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:51%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Mark W. Hudson
Position/Title: owner
Home Address: 3131 Sable Crossing,
San Antonio, TX ~~78270~~ 78232
Telephone No.: 210-618-586
E-mail address: wfo@hudsons-tx.com
Percentage of ownership: 49 %

Name: Carolyn M. Hudson
Position/Title: owner
Home Address: 3131 Sable Crossing
San Antonio, TX ~~78270~~ 78232
Telephone No.: 210. 710-5455
E-mail address: cmh11@hudsons-tx.com
Percentage of ownership 51 %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership %

Officers and Directors:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

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RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If ARCpoint Franchise Group, LLC offers you a franchise ARCpoint Franchise Group, LLC 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 or grant unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship in the States of Maryland and New York.

If ARCpoint Franchise Group, 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 State Administrator listed in Exhibit A.

The Following Are The Names, Principal Business Address And Telephone Number Of Each Franchise Seller Offering The Franchise: Felix Mirando, Tony Waters, Scott Jenkins, Drew Horton and Marvin Storm, 220 North Main St. Suite 325 , Greenville, South Carolina 29601, (864) 271-3210.

Date of Issuance: March 25, 2011

The effective date of this Disclosure Document is 2/20/2012 or the effective date in your state, whichever is later.

I have received a uniform franchise disclosure document including the following exhibits on the date listed below:

A. List of State Administers
B. List of State Agents for Service of Process
C. Franchise Agreement
D. Table of Contents of Operations Manual
E. Financial Statements
F. Additional Risk Factors
G. List of Current Franchisees
H. List of Terminated Franchisees
I. Franchisee Disclosure Questionnaire
J. Multi-State Addenda

Please sign and print your name below, date and return one copy of this receipt to ARCpoint Franchise Group, LLC and keep the other for your records.

March 14, 2012
Date of Receipt

Mark W. Hudson and Carolyn M. Hudson
Print Name

President employer Chain Tech, LLC
Signature

Vice President employer Chain Tech
Signature

Return to:

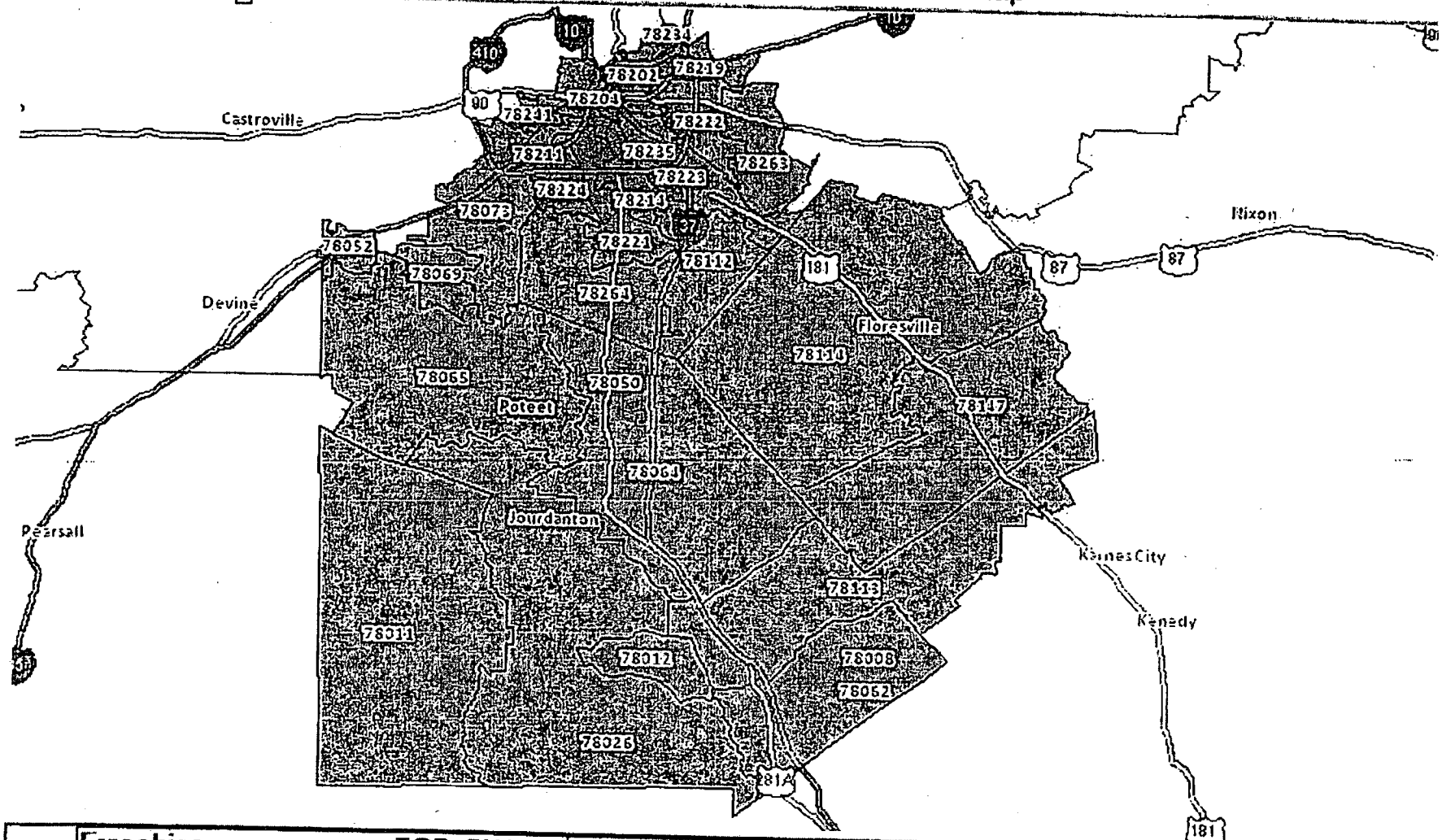
ARCpoint Franchise Group, LLC
220 North Main St. Suite 325
Greenville, South Carolina 29601

-- LAST PAGE --

Market: Texas

Franchise: TX005 San Antonio South

Franchise Map



Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
TX005 San Antonio South	15,863	203,88	6,053	184,281	3,673	101.12

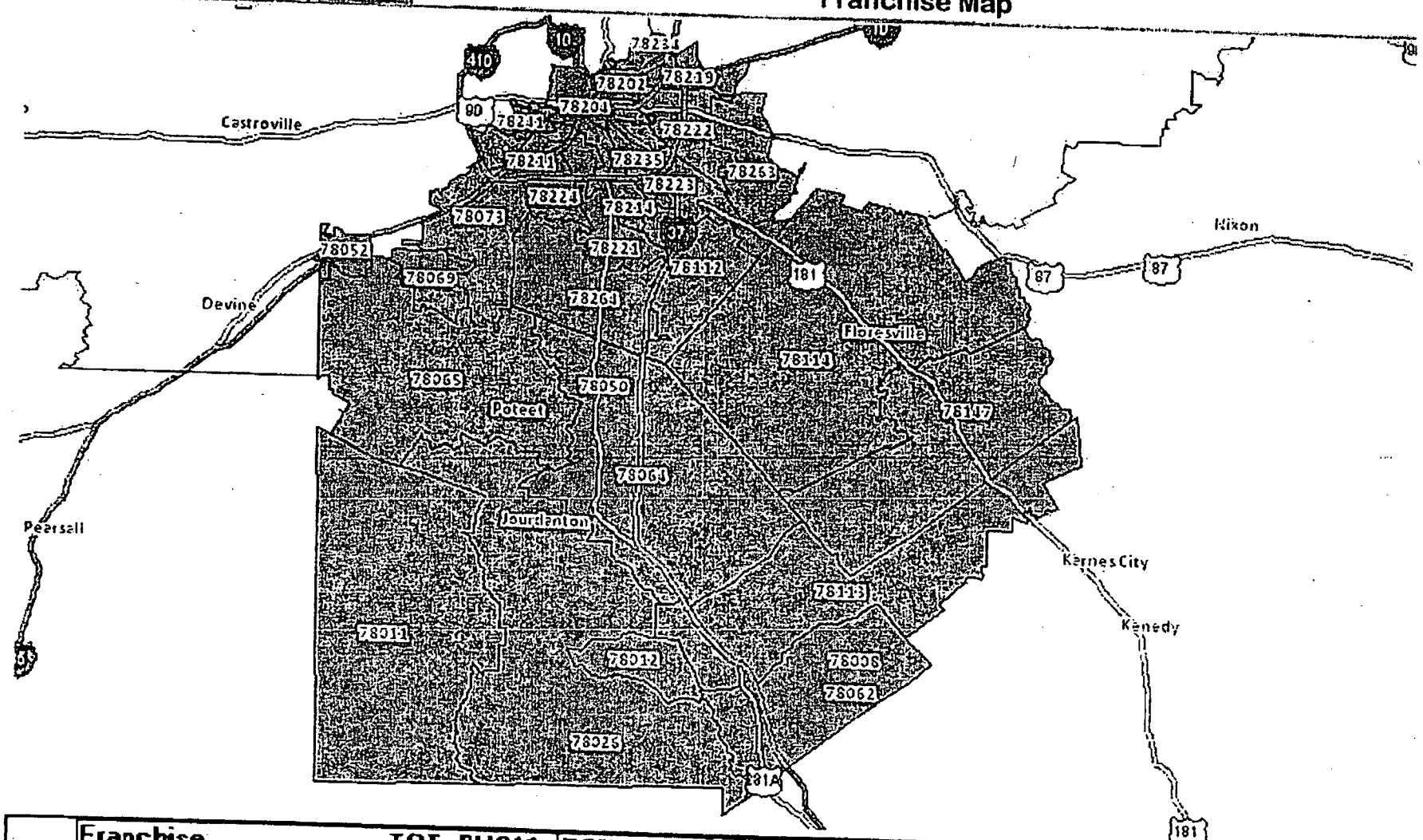
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Market: Texas

Franchise: TX005 San Antonio South

Franchise Map



Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
TX005 San Antonio South	15,863	203,88	6,053	184,281	3,673	101.12

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ROA-0280

FRANCHISE	MARKET	ZIP5	ZC LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78008	Campbellton	13	123	5	107	2	50
TX005 San Antonio South	073 San Antonio	78011	Charlotte	42	409	13	351	4	260
TX005 San Antonio South	073 San Antonio	78012	Christine	9	382	4	372	2	182
TX005 San Antonio South	073 San Antonio	78026	Jourdanton	202	1,874	78	1,626	43	885
TX005 San Antonio South	073 San Antonio	78050	LEMING	5	183	1	175	0	0
TX005 San Antonio South	073 San Antonio	78052	Lytle	197	1,903	69	1,647	37	990
TX005 San Antonio South	073 San Antonio	78062	PEGGY	2	4	0	0	0	0
TX005 San Antonio South	073 San Antonio	78064	Pleasanton	550	5,177	217	4,511	108	2,707
TX005 San Antonio South	073 San Antonio	78065	Poteet	144	1,630	54	1,450	27	1,093
TX005 San Antonio South	073 San Antonio	78069	Somerset	76	663	31	573	16	352
TX005 San Antonio South	073 San Antonio	78073	Von Ormy	136	1,165	49	991	20	452
TX005 San Antonio South	073 San Antonio	78112	Elmendorf	102	911	39	785	22	438
TX005 San Antonio South	073 San Antonio	78113	Falls City	42	446	14	390	6	214
TX005 San Antonio South	073 San Antonio	78114	Floresville	498	4,570	184	3,944	96	2,473
TX005 San Antonio South	073 San Antonio	78147	Poth	54	474	26	418	11	265
TX005 San Antonio South	073 San Antonio	78202	San Antonio	327	3,449	125	3,047	70	1,900
TX005 San Antonio South	073 San Antonio	78203	San Antonio	182	1,919	63	1,681	39	1,020
TX005 San Antonio South	073 San Antonio	78204	San Antonio	595	8,869	226	8,131	178	2,955
TX005 San Antonio South	073 San Antonio	78205	San Antonio	2,288	34,630	861	31,778	858	14,108
TX005 San Antonio South	073 San Antonio	78206	SAN ANTONIO	23	297	11	273	5	195
TX005 San Antonio South	073 San Antonio	78207	San Antonio	1,584	23,170	580	21,164	345	11,656
TX005 San Antonio South	073 San Antonio	78208	San Antonio	158	2,610	74	2,442	38	1,688
TX005 San Antonio South	073 San Antonio	78210	San Antonio	874	10,692	261	9,466	156	6,341
TX005 San Antonio South	073 San Antonio	78211	San Antonio	752	6,774	203	5,676	100	2,997
TX005 San Antonio South	073 San Antonio	78214	San Antonio	638	5,814	214	4,966	105	2,675
TX005 San Antonio South	073 San Antonio	78215	San Antonio	459	6,401	208	5,899	153	4,085
TX005 San Antonio South	073 San Antonio	78219	San Antonio	993	21,081	534	20,163	276	11,474
TX005 San Antonio South	073 San Antonio	78220	San Antonio	481	6,153	191	5,573	102	3,741
TX005 San Antonio South	073 San Antonio	78221	San Antonio	959	9,760	349	8,540	173	5,191

FRANCHISE	MARKET	ZIP5	ZC1 LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78222	San Antonio	541	7,252	215	6,600	128	4,391
TX005 San Antonio South	073 San Antonio	78223	San Antonio	1,049	10,703	401	9,407	169	4,057
TX005 San Antonio South	073 San Antonio	78224	San Antonio	552	8,508	269	7,942	107	2,672
TX005 San Antonio South	073 San Antonio	78225	San Antonio	240	1,950	78	1,626	34	730
TX005 San Antonio South	073 San Antonio	78226	San Antonio	198	4,242	84	4,014	52	3,338
TX005 San Antonio South	073 San Antonio	78234	San Antonio	110	2,023	51	1,905	23	693
TX005 San Antonio South	073 San Antonio	78235	San Antonio	51	533	19	469	16	380
TX005 San Antonio South	073 San Antonio	78241	San Antonio	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78242	San Antonio	231	2,143	77	1,835	38	1,242
TX005 San Antonio South	073 San Antonio	78243	San Antonio	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78263	San Antonio	243	2,813	93	2,515	68	2,207
TX005 San Antonio South	073 San Antonio	78264	San Antonio	243	2,087	81	1,763	40	964
TX005 San Antonio South	073 San Antonio	78285	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78286	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78289	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78291	SAN ANTONIO	2	22	2	22	2	22
TX005 San Antonio South	073 San Antonio	78292	SAN ANTONIO	5	28	2	22	1	15
TX005 San Antonio South	073 San Antonio	78293	SAN ANTONIO	3	19	1	15	1	15
TX005 San Antonio South	073 San Antonio	78294	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78295	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78296	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78297	SAN ANTONIO	4	13	1	7	1	7
TX005 San Antonio South	073 San Antonio	78298	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78299	SAN ANTONIO	1	2	0	0	1	2

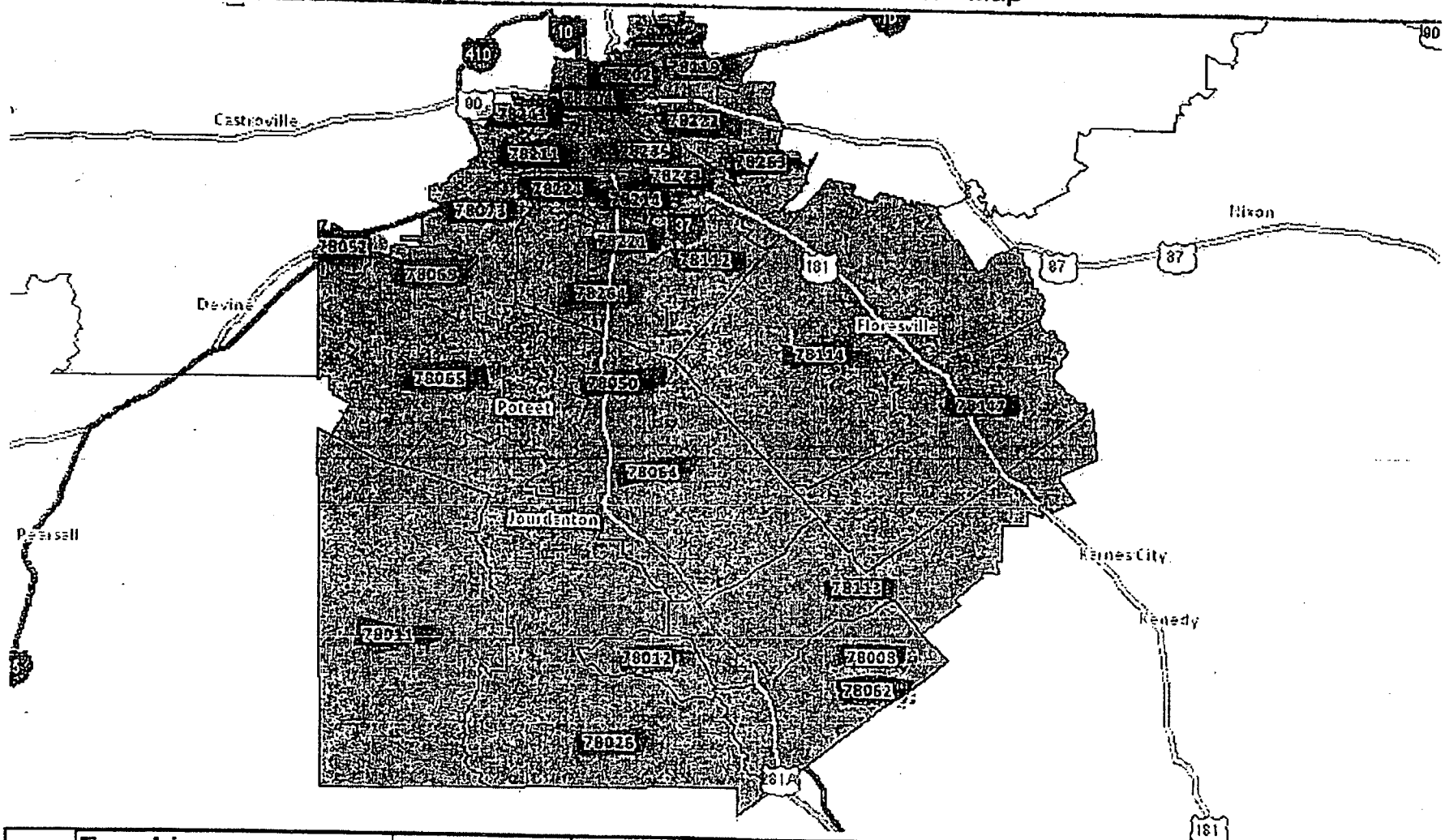
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arcpoint

Market: Texas

Franchise: TX005 San Antonio South

Franchise Map



	Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
⊞	TX005 San Antonio South	15,863	203,881	6,058	184,281	3,673	101,122

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 19 day of April, 20 12, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 123 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and Michael R. Gammel, whose principal address is 739 Windsor Rd., Glenview, IL 60025, an individual established in the State of Illinois ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 5 ALL-STATE® INTERNATIONAL

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"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Protected Territory" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cooperative Advertising" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash,

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credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means customers or referral sources with locations in, desiring ARCpoint services or products in, or referring customers from multiple ARCpoint market areas;

"Royalty Fee" has the meaning given to such term in Section 3.3; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

"**Territory Center**" means the area within a Protected Territory which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Protected Territory

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Protected Territory") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses which includes a minimum of 4,000 targeted businesses (5 or more employees). Population demographics shall be determined by reference to the most recent figures available from research provided by Data Depot, 6822 22nd Avenue North, Suite 284 St. Petersburg, Florida, 33710 and Territory Solutions International, 11 Golden Corner Way, Randolph, NJ 07869. at the time the Protected Territory is designated. The Protected Territory shall be defined by and exist within the following physical, political or natural boundaries:

See Attached Protected Territory List

_____

_____.

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Protected Territory as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.6.5 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Protected Territory") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Protected Territory if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Protected Territory of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other ARCpoint Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

Franchisor may establish National Accounts that franchisee will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of THIRTY FIVE THOUSAND DOLLARS ($ 35,000). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

The Initial Franchise Fee is $35,000 for either the Full Service market franchise and the ARCpoint Mobile franchise. If you wish to open additional franchises, you will receive a discount on the franchise fee as follows:, Multi-Unit franchise fees for territory one is $35,000, territory two is $30,000, territory three is $25,000 and territory four or more is $20,000 for each additional territory. The franchise fees are paid to us in a lump sum when you sign the Franchise Agreement and is non refundable except as described below. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees If you purchase multiple territories, all franchise fees are payable when the franchise agreement is executed. You must sign separate franchise agreements for each additional franchise you acquire.

3.2 Initial Training Fees

Upon execution of this Agreement, Franchisee shall pay a Fee (Certification and Drug and Alcohol Training) to Franchisor for initial training, certification and drug and alcohol training of EIGHT THOUSAND DOLLARS ($8,000). The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.3 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding month or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.0), whichever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report monthly from the previous month's sales. Each Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.8, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.4 National Marketing Fund

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("National Marketing Fund Fee") equal to three percent (3%) of Gross Sales for the preceding month. Franchisee shall pay the National Marketing Fund Fee and submit the Gross Sales Report monthly from the previous month's sales. Each National Marketing Fund Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.87, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.5 ARCPoint Sales Accelerated Program,

Franchisee will pay $15,000 for the Sales Accelerated Program ("ASAP") to Franchisor upon execution of the franchise agreement. This program will last a minimum of 6 – 12 months and will be used for lead generation, sales coaching, Google Ad Word campaigns, e-mail marketing etc. and appointment management. Franchisor will provide you with guidance for conducting the accelerated sales program, and Franchisor will review and approve the materials that the Franchisee will use in the ARCpoint accelerated sales program advertising.

3.6 The California and Nevada Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees in the California and Nevada region, and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) to this fund upon execution of the franchise agreement and is included in the $15,000 payment to the ASAP described in Section 3.3. An ongoing CAMPA fund of two percent (2%) of gross sales will be electronically deducted monthly in the same manner as the Royalty Fee. This fee is included in the 3% monthly deduction of the National Marketing Fund as described in Section 3.3 above . These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

3.7 Technology Development and Software Fund

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee will be required to pay a monthly fee of EIGHTY-FIVE DOLLARS ($85.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.8 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

4. TERM AND RENEWAL

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. APPROVED LOCATION

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

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5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.5.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is

terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days after the Effective Date, an initial training program consisting of approximately eight (8) days of classroom instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues.

Franchisor shall conduct the initial training program at its headquarters or at another designated location. One to two weeks prior to opening the franchisee must spend one (1) to five (5) days at the corporate lab or a certified franchisee lab for a refresher and hands on training. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business and included in the Initial Training Fee, Franchisor shall make available to Franchisee, for three (3) days, one (1) of Franchisor's representatives, (who could be a Franchise Mentor), experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses. Franchisor may utilize the mentor program for on site training.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program for a fee of two hundred dollars ($200) per day. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire

initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to twelve (12) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass Numerous marketing initiatives including lead generation telemarketing, Google Ad Word campaigns, SEO optimization, sales coaching, web page development, additional on site visits etc. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund"). Franchisee shall be required to contribute monthly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time, but which is currently three (3)% of the previous month's gross sales . National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each ARCpoint Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located in California and Nevada. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) is due with the execution of the franchise agreement. Franchisee shall make monthly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a monthly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that month's Gross Sales and is included in the monthly payment of 3% of Gross Sales to the National Marketing Fund described in Section 11.3 above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.arcpointlabs.com* that provides information about the System and the services that ARCpoint Businesses provide. Franchisor may, at its option, include at the ARCpoint website an interior page containing information about the Franchised Business. If Franchisor includes such information on the ARCpoint website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the ARCpoint website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other ARCpoint Businesses operating within the distribution area of the directories. If a joint listing is obtained, all ARCpoint Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify, as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including a laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits

13.1.6 At no time shall you offer any service or product, through any business entity in which you have any equity interest, to any customer or potential customer of any franchisee (including yourself) or affiliate. Likewise, at no time shall you offer any service or product, through any business entity in which you have any equity interest, to any competitor of any franchisee (including yourself) or affiliate. Such products and services shall include, but are not limited to, medical review officer services, training and compliance services, computer, internet, or accounting software services designed for the drug testing industry, policy implementation services and advice services (such as "Drug Free Work Place"), or training services of any kind related to the drug testing industry.

13.1.7 We may establish National Accounts that you will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

13.1.8 As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider.

13.1.9 As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection

services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.1.10 As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee and cannot be initially operated by an absentee owner. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences; unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager who need not have an equity interest in the financial business.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided,

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.. If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Protected Territory itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

14.3 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.1.8 Medical mal practice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be; has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWELVE THOUSAND FIVE HUNDRED DOLLARS ($12,500).

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
220 North Main St. Suite 325
Greenville, South Carolina 29601

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations

attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.6.1 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.

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ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Mirando, III

Title: President/CEO

FRANCHISEE: Michael R. Gammel

Signed: _____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 13 day of April, 2012, by and between Michael R. Gammel, ("Franchisee") (d/b/a an ARCpoint Franchise) and Michael R. Gammel ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated April 13, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE: Michael R. Gammel

By: _____

Its: _____

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 13 day of April, 20 17, by Michael R. Gammel.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by ARCpoint Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Michael R. Gammel ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to 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 shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Michael R. Gammel
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

739 Windsor Rd.
Glenview, IL 60025

TELEPHONE NO.:(312) 972-4443
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:100 %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Michael R. Gammel
Position/Title: Owner
Home Address: 739 Windsor Rd.
Glenview, IL 60025

Telephone No.: (312) 972-4443
E-mail address:
Percentage of ownership: 100 %

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: %

Officers and Directors:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

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ARCPOINT FRANCHISE GROUP, LLC

MULTI-STATE ADDENDA

EXHIBIT J TO THE FRANCHISE AGREEMENT ADDENDUM TO THE FRANCHISE AGREEMENT ARCPOINT FRANCHISE GROUP, LLC

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____.

1. 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

2. Due to Franchisor's financial condition, the California Department of Corporations has required and Franchisor has agreed, to defer collection of all initial fees as described in Items 5 and 7 and Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

3. New Section 17.6 shall be inserted into the Franchise Agreement and shall state as follows:

- If termination is the result of Franchisee's default, Franchisee shall pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fees for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur upon termination of this Agreement and as a result of Franchisee's default is difficult to ascertain and the parties desire certainty in this matter and acknowledge that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have, including the payment of attorneys' fees and costs.

3. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. and Prof. Code §§20000-20043, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- The California Professions Code Sections 20000 through 20043 provides rights to Franchisee concerning termination or non-renewal of the Franchise Agreement that may supersede provisions in the Disclosure Document and the Franchise Agreement, specifically Item 17 and Sections 4.2 and 16.2.

- Section 16.2.1.12 of the Franchise Agreement and Item 17 of the Disclosure Document, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

- Section 17.2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.

- Item 17 of the Disclosure Document and Section 23.1 of the Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.

- Item 17 of the Disclosure Document and Section 23.2 of the Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

- Item 17 of the Disclosure Document and Section 23.7 requires binding arbitration. The arbitration will occur at the forum indicated in Section 23.7. Additionally, Section 22.4 requires that the costs of arbitration shall be borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the

Franchise Agreement restricting the venue of arbitration proceedings to a forum outside of the State of California.

- Paragraph 2 of this Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

4. ITEM 1 of the Disclosure Document is amended to add the following:

- Although we are not aware of specific regulations, which are in effect in any particular state, ARCpoint does require certification for the Department of Transportation (DOT).

5. Item 3 is amended to read as follows:

- Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

- Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where such felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

- Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which such order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

- Neither Company nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling such persons from membership in such association or exchange.

6. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

7. FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov

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

ARCPOINT FRANCHISE GROUP, LLC:	Franchisee: Mark W. Hudson and Carolyn M. Hudson
By: _____	By: _____
Title: _____	By: _____

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FOR THE STATE OF CONNECTICUT

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, _____, between ARCPOINT FRANCHISE GROUP, LLC and _____ ("Franchisee") to amend and revise said Franchise Agreement as follows:

1. The Cover Page is amended to add the following additional Risk Factors:

- **THE MARKET FOR WORK-RELATED TESTING NEEDS, COURT-ORDERED DRUG TESTING, STUDENT AND ATHLETE MANDATORY DRUG TESTING, ETC. MAY BE AFFECTED BY LOCAL, REGIONAL AND NATIONAL ECONOMIC CONDITIONS. ADDITIONALLY, NEW TECHNOLOGY MAY HAVE AN EFFECT ON THE MARKET AS INSTANT DRUG TESTING PRODUCTS ARE REFINED AND DEVELOPED.**

- **YOU WILL LIKELY COMPETE WITH OTHER FRANCHISED OR NATIONAL DRUG AND ALCOHOL SCREENING BUSINESSES AND WITH LOCAL HEALTHCARE FACILITIES AND PROVIDERS. YOU MAY ALSO COMPETE WITH PHARMACIES, MEDICAL SUPPLY BUSINESSES AND INTERNET – BASED BUSINESSES IN THE SALE OF SCREENING KITS.**

2. The "Training and Assistance" Section is amended by the addition of the following language to the original language that appears therein:

"The required training shall commence no more than sixty (60) days after execution of this Agreement"

2. The "Confidential Operations Manual" Section is amended by the addition of the following language to the original language that appears therein:

"Franchisor will provide the Confidential Operating Manual to the Franchisee no later than thirty (30) days after execution of this Agreement"

3. Item 3 is amended to read as follows:

- Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

- Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where such felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

- Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which such order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

- Neither Company nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling such persons from membership in such association or exchange.

4. Item 4 is amended to read as follows:

- During the 10 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States 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 ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company.

5. Item 11 is amended to insert the following additional language:

- If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled.

6. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Connecticut Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____
_____.

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 4.2, 16.2 and 18, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

- Sections 4.2.9,18.2.3, 18.2.6 require Franchisee to sign a general release as a condition of renewal or transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

- Section 16.2.1.12 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. The Receipt Pages are amended to add the following:

- THIS FRANCHISE 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 AND 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.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement, made this 13 day of April, 2012, is by and between ARCpoint Franchise Group, LLC and Michael R. Gammel.

1. Due to Franchisor's financial condition, the Illinois Attorney General's Office has required and Franchisor has agreed to defer collection of the initial fees as described in Items 5 and 7 of the Disclosure Document and Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

2. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

Item 17 of the Disclosure Document and Section 16 of the Franchise Agreement shall be amended to add:

- The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

Item 17 of the Disclosure Document and Sections 23.1 and 23.2 of the Franchise Agreement shall be amended to add:

- The Franchise Agreement shall be governed by Illinois Law. Jurisdiction and venue for litigation shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void; provided, however, that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Item 17 of the Disclosure Document and Section 23.4 of the Franchise Agreement is amended to add:

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

Section 23.6 of the Franchise agreement shall be deleted in its entirety.

3 Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: CEO

Franchisee: Michael R. Gammel

By: _____

Title: _____

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FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____.

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC are amended as follows:

- Item 17 of the Disclosure Document and Sections 4.2.9, 8.3 and 18.2.3 of the Franchise Agreement do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

- Item 17 of the Disclosure Document and Section 16 of the Franchise Agreement is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

- Item 17 of the Disclosure Document and Section 17.2 of the Franchise Agreement is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.

- Item 17 of the Disclosure Document and Section 21.3 of the Franchise Agreement is amended to provide that Franchisee shall not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Item 17 of the Disclosure Document and Section 23.1 of the Franchise Agreement is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

- Item 17 of the Disclosure Document and Section 23.2 of the Franchise Agreement is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.

- Item 17 of the Disclosure Document and Section 23.7 of the Franchise Agreement is amended to provide that arbitration between Franchisor and Franchisee shall be conducted in Indiana or a site mutually agreed upon.

2. ITEM 8 of the Disclosure Document is amended to add the following:

- Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted by the franchisee.

3. ITEMS 6 and 9 of the Disclosure Document is amended to add the following:

- The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

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FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____
_____.

1. Item 5 and 7 of the Disclosure Document and Section 5.02 of the Franchise Agreement are amended to read all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations..

2. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- Item 17 of the Disclosure Document and Sections 4.2.9, 8.3 and 18.2.3 of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal, or transfer of the franchise;. such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

- Item 17 of the Disclosure Document and Section 16.2.1.12 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

- Item 17 of the Disclosure Document and Sections 23.2 and 23.7 of the Franchise Agreement require litigation or arbitration to be conducted in the State of South Carolina; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

- Item 17 of the Disclosure Document and Section 23.4 of the Franchise Agreement are amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.

3. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations 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.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

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FOR THE STATE OF MICHIGAN

This Amendment to the Franchise Agreement, made this _____ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____
_____.

In recognition of the requirements of the Michigan Franchise Investment Law, MCL §§445.1501-445.1546, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

Item 17 of the Disclosure Document and Section 17.2 of the Franchise Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Franchise Agreement; this covenant may not be enforceable under Michigan law.

New Section 17.6 shall be inserted into the Franchise Agreement and shall state as follows:

> If termination is the result of Franchisee's default, Franchisee shall pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fees for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur upon termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and acknowledge that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have, including the payment of attorneys' fees and costs.

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.

- A prohibition of the right of a Franchisee to join an association of Franchisees.
- A requirement that a Franchisee assent to a release, assignment, novation, waiver or estoppel that deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- A provision that permits a franchisor to terminate a franchise prior to the expiration of its 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 thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- 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 that have no value to the franchisor and inventory,

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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: (a) the term of the franchise is less than 5 years, and (b) 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.

- 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.

- 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 or litigation, to conduct arbitration or litigation at a location outside this state.

- A provision that 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:

- The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

- The fact that the proposed transferee is a competitor of the franchisor or Subfranchisor.

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

- 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.

- 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 and has failed to cure the breach in the manner provided in subdivision (C).

- A provision that 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 franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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.

4. Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise Bureau
525 West Ottawa Street
G. Mennen Williams Building, 6th FL
Lasing, MI 48933
(517) 373-7117

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Michigan Franchise Investment Law are met independently of this Amendment. To the extent this addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____.

1. Due to Franchisor's financial condition, the State of Minnesota Department of Commerce has required and Franchisor has agreed to defer collection of the initial fees as described in Items 5 and 7 of the Disclosure Document and Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business

2. 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 Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- Item 17 of the Disclosure Document and Sections 4 and 16 of the Franchise Agreement shall be amended to add that with respect to franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law, which requires, 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.

- Item 17 of the Disclosure Document and Sections 4.2.9, 8.3 and 18.2.3 of the Franchise Agreement do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- Item 13 of the Disclosure Document and Section 6 of the Franchise Agreement shall be amended to add that as required by the Minnesota Franchise Act, Franchisor shall reimburse you 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.

- Item 17 of the Disclosure Document and Section 23.4 of the Franchise Agreementshall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement shall be barred unless an action for a claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

- Section 23.5 of the Franchise Agreement shall be deleted in its entirety.

- Section 23.6 of the Franchise Agreement shall be deleted in its entirety.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

3. The Disclosure Document is revised to insert the following additional language regarding Minnesota statute.

181.951 Authorized drug and alcohol testing

Subdivision 1. **Limitations on testing.** (a) An employer may not request or require an employee or job applicant to undergo drug and alcohol testing except as authorized in this section.

(b) An employer may not request or require an employee or job applicant to undergo drug and alcohol testing unless the testing is done pursuant to a written drug and alcohol testing policy that contains the minimum information required in section 181.952; and, is conducted by a testing laboratory which participates in one of the programs listed in section 181.953, subdivision 1.

(c) An employer may not request or require an employee or job applicant to undergo drug and alcohol testing on an arbitrary and capricious basis.

Subd. 2. **Job applicant testing.** An employer may request or require a job applicant to undergo drug and alcohol testing provided a job offer has been made to the applicant and the same test is requested or required of all job applicants conditionally offered employment for that position. If the job offer is withdrawn, as provided in section 181.953, subdivision 11, the employer shall inform the job applicant of the reason for its action.

Subd. 3. **Routine physical examination testing.** An employer may request or require an employee to undergo drug and alcohol testing as part of a routine physical examination provided the drug or alcohol test is requested or required no more than once annually and the employee has been given at least two weeks' written notice that a drug or alcohol test may be requested or required as part of the physical examination.

Subd. 4. **Random testing.** An employer may request or require only employees in safety-sensitive positions to undergo drug and alcohol testing on a random selection basis.

Subd. 5. **Reasonable suspicion testing.** An employer may request or require an employee to undergo drug and alcohol testing if the employer has a reasonable suspicion that the employee:

(1) is under the influence of drugs or alcohol;

(2) has violated the employer's written work rules prohibiting the use, possession, sale, or transfer of drugs or alcohol while the employee is working or while the employee is on the employer's premises or operating the employer's vehicle, machinery, or equipment, provided the work rules are in writing and contained in the employer's written drug and alcohol testing policy;

(3) has sustained a personal injury, as that term is defined in section 176.011, subdivision 16, or has caused another employee to sustain a personal injury; or

(4) has caused a work-related accident or was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident.

Subd. 6. **Treatment program testing.** An employer may request or require an employee to undergo drug and alcohol testing if the employee has been referred by the employer for chemical dependency treatment or evaluation or is participating in a chemical dependency treatment program under an employee benefit plan, in which case the employee may be requested or required to undergo drug or alcohol testing without prior notice during the evaluation or treatment period and for a period of up to two years following completion of any prescribed chemical dependency treatment program.

Subd. 7. **No legal duty to test.** Employers do not have a legal duty to request or require an employee or job applicant to undergo drug or alcohol testing as authorized in this section.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

Reliability and fairness safeguards.

Subdivision 1. **Use of licensed, accredited, or certified laboratory required.** (a) An employer who requests or requires an employee or job applicant to undergo drug or alcohol testing shall use the services of a testing laboratory that meets one of the following criteria for drug testing:

(1) is certified by the National Institute on Drug Abuse as meeting the mandatory guidelines published at 53 Federal Register 11970 to 11989, April 11, 1988;

(2) is accredited by the College of American Pathologists, 325 Waukegan Road, Northfield, Illinois, 60093-2750, under the forensic urine drug testing laboratory program;

(3) is licensed to test for drugs by the state of New York, Department of Health, under Public Health Law, article 5, title V, and rules adopted under that law.

(b) For alcohol testing, the laboratory must either be:

(1) licensed to test for drugs and alcohol by the state of New York, Department of Health, under Public Health Law, article 5, title V, and the rules adopted under that law; or

(2) accredited by the College of American Pathologists, 325 Waukegan Road, Northfield, Illinois, 60093-2750, in the laboratory accreditation program.

Subd. 2. Repealed, 1991 c 60 s 12

Subd. 3. **Laboratory testing, reporting, and sample retention requirements.** A testing laboratory that is not certified by the National Institute on Drug Abuse according to subdivision 1 shall follow the chain-of-custody procedures prescribed for employers in subdivision 5. A testing laboratory shall conduct a confirmatory test on all samples that produced a positive test result on an initial screening test. A laboratory shall disclose to the employer a written test result report for each sample tested within three working days after a negative test result on an initial screening test or, when the initial screening test produced a positive test result, within three working days after a confirmatory test. A test report must indicate the drugs, alcohol, or drug or alcohol metabolites tested for and whether the test produced negative or positive test results. A laboratory shall retain and properly store for at least six months all samples that produced a positive test result.

Subd. 4. **Prohibitions on employers.** An employer may not conduct drug or alcohol testing of its own employees and job applicants using a testing laboratory owned and operated by the employer; except that, one agency of the state may test the employees of another agency of the state. Except as provided in subdivision 9, an employer may not request or require an employee or job applicant to contribute to, or pay the cost of, drug or alcohol testing under sections 181.950 to 181.954.

Subd. 5. **Employer chain-of-custody procedures.** An employer shall establish its own reliable chain-of-custody procedures to ensure proper record keeping, handling, labeling, and identification of the samples to be tested. The procedures must require the following:

(1) possession of a sample must be traceable to the employee from whom the sample is collected, from the time the sample is collected through the time the sample is delivered to the laboratory;

(2) the sample must always be in the possession of, must always be in the view of, or must be placed in a secured area by a person authorized to handle the sample;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

(3) a sample must be accompanied by a written chain-of-custody record; and

(4) individuals relinquishing or accepting possession of the sample must record the time the possession of the sample was transferred and must sign and date the chain-of-custody record at the time of transfer.

Subd. 6. **Rights of employees and job applicants.** (a) Before requesting an employee or job applicant to undergo drug or alcohol testing, an employer shall provide the employee or job applicant with a form, developed by the employer, on which to acknowledge that the employee or job applicant has seen the employer's drug and alcohol testing policy.

(b) If any employee or job applicant tests positive for drug use, the employee must be given written notice of the right to explain the positive test and the employer may request that the employee or job applicant indicate any over-the-counter or prescription medication that the individual is currently taking or has recently taken and any other information relevant to the reliability of, or explanation for, a positive test result.

(c) Within three working days after notice of a positive test result on a confirmatory test, the employee or job applicant may submit information to the employer, in addition to any information already submitted under paragraph (b), to explain that result, or may request a confirmatory retest of the original sample at the employee's or job applicant's own expense as provided under subdivision 9.

Subd. 7. **Notice of test results.** Within three working days after receipt of a test result report from the testing laboratory, an employer shall inform in writing an employee or job applicant who has undergone drug or alcohol testing of (1) a negative test result on an initial screening test or of a negative or positive test result on a confirmatory test and (2) the right provided in subdivision 8. In the case of a positive test result on a confirmatory test, the employer shall also, at the time of this notice, inform the employee or job applicant in writing of the rights provided in subdivisions 6, paragraph (b), 9, and either subdivision 10 or 11, whichever applies.

Subd. 8. **Confirmatory retests.** An employee or job applicant may request a confirmatory retest of the original sample at the employee's or job applicant's own expense after notice of a positive test result on a confirmatory test. Within five working days after notice of the confirmatory test result, the employee or job applicant shall notify the employer in writing of the employee's or job applicant's intention to obtain a confirmatory retest. Within three working days after receipt of the notice, the employer shall notify the original testing laboratory that the employee or job applicant has requested the laboratory to conduct the confirmatory retest or transfer the sample to another laboratory licensed under subdivision 1 to conduct the confirmatory retest. The original testing laboratory shall ensure that the chain-of-custody procedures in subdivision 3 are followed during transfer of the sample to the other laboratory. The confirmatory retest must use the same drug or alcohol threshold detection levels as used in the original confirmatory test. If the confirmatory retest does not confirm the original positive test result, no adverse personnel action based on the original confirmatory test may be taken against the employee or job applicant.

Subd. 10. **Limitations on employee discharge, discipline, or discrimination.** (a) An employer may not discharge, discipline, discriminate against, or request or require rehabilitation of an employee on the basis of a positive test result from an initial screening test that has not been verified by a confirmatory test.

(b) In addition to the limitation under paragraph (a), an employer may not discharge an employee for whom a positive test result on a confirmatory test was the first such result for the employee on a drug or alcohol test requested by the employer unless the following conditions have been met:

(1) the employer has first given the employee an opportunity to participate in, at the employee's own expense or pursuant to coverage under an employee benefit plan, either a drug or alcohol counseling or rehabilitation program, whichever is more appropriate, as determined by the employer after consultation with a certified chemical use counselor or a physician trained in the diagnosis and treatment of chemical dependency; and

(2) the employee has either refused to participate in the counseling or rehabilitation program or has failed to successfully complete the program, as evidenced by withdrawal from the program before its completion or by a positive test result on a confirmatory test after completion of the program.

(c) Notwithstanding paragraph (a), an employer may temporarily suspend the tested employee or transfer that employee to another position at the same rate of pay pending the outcome of the confirmatory test and, if requested, the confirmatory retest, provided the employer believes that it is reasonably necessary to protect the health or safety of the employee, co employees, or the public. An employee who has been suspended without pay must be reinstated with back pay if the outcome of the confirmatory test or requested confirmatory retest is negative.

(d) An employer may not discharge discipline, discriminate against, or request or require rehabilitation of an employee on the basis of medical history information revealed to the employer pursuant to subdivision 6 unless the employee was under an affirmative duty to provide the information before, upon, or after hire.

(e) An employee must be given access to information in the employee's personnel file relating to positive test result reports and other information acquired in the drug and alcohol testing process and conclusions drawn from and actions taken based on the reports or other acquired information.

Subd. 11. **Limitations on withdrawal of job offer.** If a job applicant has received a job offer made contingent on the applicant passing drug and alcohol testing, the employer may not withdraw the offer based on a positive test result from an initial screening test that has not been verified by a confirmatory test.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____
_____.

1. All references made herein to an "Disclosure Document" shall be replaced with the term "Offering Prospectus" as used under New York Law.

2. In recognition of the requirements of the General Business Laws of the State of New York, Article 33,/§§ 680 through 695, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- Item 17 of the Disclosure Document and Sections 4.2.9, 5.2, and 18.2.3 of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal, transfere; such release shall exclude claims arising under the General Business Laws.

- Under Item 17 of the Disclosure Document and Section 18.1 of the Franchise AgreementFranchisor shall not transfer or assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

- Item 17 of the Disclosure Document is amended to state that you may terminate the agreement under any grounds available by law.

3. Item 17 of the Disclosure Document and Section 21.3 of the Franchise Agreement is amended to provide that Franchisee shall not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

- Item 17 of the Disclosure Document and Section 23.1of the Franchise Agreement requires that the franchise be governed by the laws of the state in which the Franchisor's principal business is then located; such a requirement shall not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws and is is amended to state that New York Law governs any cause of action that arises under the New York General Business Law, Article 33, Section 680-695.

4. The State Cover Page is amended to include:

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

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

5. ITEM 3 is amended by the addition of the following language:

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- Neither franchisor nor any person identified in ITEM 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them 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. In addition, neither franchisor nor any person identified in ITEM 2 has any pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

- Neither franchisor nor any person identified in ITEM 2 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 held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

- Neither franchisor nor any affiliate or person identified in ITEM 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency.

6. ITEM 4 is amended to state that:

Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, has: (a) filed as a 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; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

7. ITEM 5 of the Disclosure Document is amended to add the following:

The Franchise Fee will be used to defray our costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the franchised business for business.

8. ITEMS 6 and 11 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

9. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____.

1. Due to Franchisor's financial condition, the State of North Dakota Securities Commission has required and Franchisor has agreed to defer collection of the initial fees as described in Items 5 and 7 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

2. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Therefore, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- Item 17 of the Disclosure Document and Sections 4.2.9, 5.2, , 8.3 and 18.2.3 of the Franchise Agreement shall be amended to add that the execution of a general release upon renewal, transfer shall be inapplicable to franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.
- Item 17 of the Disclosure Document and Section 7 of the Franchise Agreement shall be amended to add that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.
- Item 17 of the Disclosure Document and Sections 17.1.5 and 17.1.6 of the Franchise Agreement shall be amended to state:
    - If Franchisor or Franchisee is required to enforce this Agreement via judicial proceedings, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees in connection with such proceeding.
- Item 17 of the Disclosure Document and Section 17.2 of the Franchise Agreement is amended to add that 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.
- Item 17 of the Disclosure Document and Section 17.6 of the Franchise Agreement shall be revised to delete any reference to consent to termination or liquidated damages.
- Item 17 of the Disclosure Document and Section 23.1 of the Franchise Agreement shall be amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.
- Item 17 of the Disclosure Document and Section 23.2 of the Franchise Agreement shall be amended to add that any action may be brought in the appropriate state or federal court in North Dakota.
- Item 17 of the Disclosure Document and Section 23.4 of the Franchise Agreement shall be amended to state that the statute of limitations under North Dakota Law shall apply.
- Item 17 of the Disclosure Document and Sections 23.5 and 23.6 of the Franchise Agreement shall be deleted in their entireties.
- Item 17 of the Disclosure Document and Section 23.7 of the Franchise Agreement shall be amended to state that arbitration involving a franchise purchased in North Dakota shall be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator shall determine the location.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

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FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____.

1. In recognition of the requirements of the Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- Item17 of the Disclosure Document and Sections 4.2.9, 5.2, , 8.3 and 18.2.3 of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal, transfer; such release shall exclude claims arising under the Rhode Island Franchise Investment Act.

- Item17 of the Disclosure Document and Sections 23.1, 23.2 and 23.7 of the Franchise Agreement shall be amended to state that restricting jurisdiction or venue to a forum outside the state of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF SOUTH DAKOTA

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____
_____.

1. In recognition of the requirements of sdcl 37-5a-39 the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

- Due to Franchisor's financial condition, the South Dakota Department of Revenue & Regulations Division of Securities has required and Franchisor has agreed to defer collection of the initial fees as described in Items 5 and 7 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

2. 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.

3. The Franchise Agreement provides for arbitration in South Carolina. Under South Dakota law, arbitration must be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

4. The Franchise Agreement designates South Carolina law as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration 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 of South Carolina.

5. 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.

6. Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty 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.

7. Pursuant to SDCL 37-5A-86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement 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 this chapter or a rule or order under this chapter.

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

ARCPOINT FRANCHISE GROUP, LLC: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

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FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____. The Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owned by franchisees to the franchisor as described in Items 5 and 7 of the Disclosure Document and Section 3.1 of the Franchise Agreement until the franchisor has completed its pre-opening obligations under the franchise agreement.

Section 16.2.1.12, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

Section 16.2.1.19 of the Franchise Agreement will not be applicable to the Franchise Agreement signed by the Virginia franchisee entering into the attached agreement. ITEMS 5 and 7 of the Disclosure Document are amended as follows:

ITEM 17(h) of the Disclosure Document is amended to add the following:

- 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 or to use undue influence to induce a franchisee to surrender any right given by any provision contained in the franchise, specifically Section 16.2.1.20 of the Franchise Agreement. If any grounds for default or termination stated in the Franchise Agreement do 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.
- Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

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

ARCPOINT FRANCHISE GROUP, LLC: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

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FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____

_____.

1. Due to Franchisor's financial condition, The State of Washington, Department of Financial Institutions has required and Franchisor has agreed, to defer collection of the initial fees as described in Items 5 and 7 of the Franchise Disclosure Document Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business

2. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

The Washington Franchise Investment Protection Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.

- Under Item 17 of the Disclosure Document and Sections 4.2.9, 5.2, , 8.3 and 18.2.3 of the Franchise Agreement, Franchisee is required to sign a general release as a condition of renewal, and transfer; such release shall exclude claims arising under the Washington Franchise Investment Protection Act.

- Item 17 of the Disclosure Document and Section 23.1of the Franchise Agreement requires that the franchise be governed by the laws of the State of South Carolina; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

- Item 17 of the Disclosure Document and Sections 23.2 and 23.7 of the Franchise agreement require litigation or arbitration to be conducted in the State of South Carolina; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington, in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, to the extent required by Washington law

- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or unreasonably restrict or limit other rights or remedies available to a franchisee under the Act (such as a waiver of the 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.

- A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise 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 and are amended to the extent required by law

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and _____ _____. The Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall control in any conflict with the terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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

ARCPOINT FRANCHISE GROUP, LLC: Franchisee:_____

By: _____ By: _____

Title:_____ Title: _____

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RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If ARCpoint Franchise Group, LLC offers you a franchise ARCpoint Franchise Group, LLC 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 or grant unless otherwise stated in your state's addendum. The delivery of the Disclosure Document is to be received at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship in the States of Maryland and New York.

If ARCpoint Franchise Group, 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 State Administrator listed in Exhibit A.

The Following Are The Names, Principal Business Address And Telephone Number Of Each Franchise Seller Offering The Franchise: Felix Mirando, Tony Waters, Scott Jenkins, Drew Horton and Marvin Storm, 220 North Main St. Suite 325 , Greenville, South Carolina 29601, (864) 271-3210.

Date of Issuance: March 25, 2011

The effective date of this Disclosure Document is _____, or the effective date in your state, whichever is later.

I have received a uniform franchise disclosure document including the following exhibits on the date listed below:

A. List of State Administers
B. List of State Agents for Service of Process
C. Franchise Agreement
D. Table of Contents of Operations Manual
E. Financial Statements
F. Additional Risk Factors
G. List of Current Franchisees
H. List of Terminated Franchisees
I. Franchisee Disclosure Questionnaire
J. Multi-State Addenda

Please sign and print your name below, date and return one copy of this receipt to ARCpoint Franchise Group, LLC and keep the other for your records.

MAR 7, 2012
Date of Receipt

Michael R. Gammel
Print Name

Signature

Return to:

ARCpoint Franchise Group, LLC
220 North Main St. Suite 325
Greenville, South Carolina 29601

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Mar 7 2012
Date of Receipt

Michael R. Gammel
Print Name

Signature

Return to:

ARCpoint Franchise Group, LLC
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Greenville, South Carolina 29601

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If ARCpoint Franchise Group, 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 State Administrator listed in Exhibit A.

The Following Are The Names, Principal Business Address And Telephone Number Of Each Franchise Seller Offering The Franchise: Felix Mirando, Tony Waters, Scott Jenkins, Drew Horton and Marvin Storm, 220 North Main St. Suite 325 , Greenville, South Carolina 29601, (864) 271-3210.

Date of Issuance: March 25, 2011

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I. Franchisee Disclosure Questionnaire
J. Multi-State Addenda

Please sign and print your name below, date and return one copy of this receipt to ARCpoint Franchise Group, LLC and keep the other for your records.

MAR 7 2012
Date of Receipt

Michael Grimmel
Print Name

Signature

Return to:
ARCpoint Franchise Group, LLC
220 North Main St. Suite 325
Greenville, South Carolina 29601

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If ARCpoint Franchise Group, 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 State Administrator listed in Exhibit A.

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_____ _____
Date of Receipt Print Name

_____
Signature

Return to:

ARCpoint Franchise Group, LLC
220 North Main St. Suite 325
Greenville, South Carolina 29601

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Protected Territory Zip Code List

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
IL004 Franklin Park	052 Chicago North	60007	Elk Grove Village	3,749	68,110	1,973	64,568	1,158	40,487
IL004 Franklin Park	052 Chicago North	60009	ELK GROVE VILLAGE	4	41	1	35	1	35
IL004 Franklin Park	052 Chicago North	60105	BENSENVILLE	0	0	0	0	0	0
IL004 Franklin Park	052 Chicago North	60106	Bensenville	1,737	26,934	847	25,154	568	17,970
IL004 Franklin Park	052 Chicago North	60131	Franklin Park	1,177	23,265	604	22,121	391	14,635
IL004 Franklin Park	052 Chicago North	60160	Melrose Park	1,309	22,611	559	21,113	323	12,315
IL004 Franklin Park	052 Chicago North	60161	MELROSE PARK	3	11	1	7	1	7
IL004 Franklin Park	052 Chicago North	60164	Melrose Park	496	11,628	214	11,064	114	5,720
IL004 Franklin Park	052 Chicago North	60165	Stone Park	172	1,478	70	1,274	37	783
IL004 Franklin Park	052 Chicago North	60171	River Grove	374	4,037	122	3,533	71	2,184
IL004 Franklin Park	052 Chicago North	60176	Schiller Park	591	10,439	298	9,853	164	5,159
IL004 Franklin Park	052 Chicago North	60191	Wood Dale	1,002	15,255	483	14,221	273	8,511
IL004 Franklin Park	052 Chicago North	60399	WOOD DALE	0	0	0	0	0	0
IL004 Franklin Park	052 Chicago North	60666	Chicago	271	7,353	162	7,137	93	4,191
IL004 Franklin Park	052 Chicago North	60688	CHICAGO	0	0	0	0	0	0
IL004 Franklin Park	052 Chicago North	60701	CHICAGO	2	9	1	7	0	0

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 6 day of February 2013, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 220 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and FLORENCE ODS, INC, whose principal address is 203 W ELM ST, STE A FLORENCE, SC 29501, an individual/partnership/corporation/limited liability company established in the State of SC ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and/or ARCpoint Labs relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 6 ALL-STATE® INTERNATIONAL

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

"Additional Employees" means any employee you request to receive training, after the one employee, who along with you, may attend both training Modules for the current training fee (See below – "First Employee") has been trained,;

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Protected Territory" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening, wellness, clinical, or other testing services or Advanced Regulatory Compliance, including drug testing policies for all federal modalities (which includes but is not limited to The Federal Motor Carrier's Safety Administration "FMCSA" and The Department of Transportation "DOT"), the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cross-Territorial Sales" service of any customer or client inside or outside of your Territory, or inside the Territory or area that has been assigned to another franchisee, us, or our Affiliates.

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

"Development Territory" means the Development Rights Franchisor grants to Developer to establish and operate a set number of ARCpoint Businesses at sites located within an area defined in the same manner Franchisor defines Protected Territories.

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"First Employee" the one employee, who along with you, may attend both training Modules for the current training fee;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

"Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Ad Fund" has the meaning given to such term in Section 11.1;

"Ad Fund Fee" has the meaning given to such term in Section 3.5;

"Marks" means the service mark "ARCpoint", ARCpoint Labs (trademark application filed (date here)), and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means a company, organization, client, or group of clients that has agreed or requested that we provide any of the services offered by our franchisees at multiple locations across different territories or for multiple clients. A National account can include many different types of organizations, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party providers, or referral agencies.

"Consortium/Third party administrator ("C/TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to DOT-regulated employers. C/TPAs typically provide or coordinate the provision of a number of such services and perform administrative tasks concerning the operation of the employers' drug and alcohol testing programs. This term includes, but is not limited to, groups of employers who join together to administer, as a single entity, the DOT drug and alcohol testing programs of its members (e.g., having a combined random testing pool). C/TPAs are not "employers" for purposes of this part.

"Royalty Fee" has the meaning given to such term in Section 3.4; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.2 Approved Location

Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1, the Operations Manual and any other writing by Franchisor.

2.3 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.4 Protected Territory

2.4.1 So long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.5, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within Franchisee's "Protected Territory" as set out below and further designated and defined in attached zip code list.

FLORENCE COUNTY, MARION COUNTY, CLARENDON COUNTY
SUMTER COUNTY, DARLINGTON COUNTY, MARLBORO COUNTY

2.5 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.3 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses inside and/or outside of the Protected Territory as Franchisor deems appropriate;

2.5.2 establish, own or operate, and grant others the right to establish or operate, other businesses offering the same or similar products utilizing the Marks or other trade names, trademarks and service marks at locations inside and/or outside of the Protected Territory;

2.5.3 service National Accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service National Accounts;

2.5.4 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.5.4.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.5.4.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.5.5 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.5.6 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.5.7 provide services similar to those offered through the franchised business through any alternate channel of distribution, including through outlets at a fixed location and by Internet;

2.5.8 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.5.9 engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

Franchisee has the right and the obligation to vigorously pursue all potential customers within the boundaries of the Protected Territory. The Cross-Territorial Sales Protocol addresses Franchisee rights and limitations as they apply to the marketing or advertising to, solicitation of, or service of any customer or client inside or outside of the Protected Territory, or inside the Protected Territory or area that has been assigned to another Franchisee, Franchisor, or Franchisor's Affiliates. Franchisor reserves the right to modify this Protocol from time to time, for the entire system, and Franchisee agrees to comply with these modifications. The Protocol does not permit franchisees to solicit or directly market to or service customers in another franchisee's territory.

The Protocol is set out in full in the Operations Manual and provides, in part, the following:

2.6.1 Franchisee is strictly prohibited from directly marketing to or soliciting customers, through the use of ARCpoint trademarks, or other channels of any nature, whose principal business office (or principal residence, if the client is an individual) is outside of Franchisee's Territory, without Franchisor's written permission.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

2.6.2 Franchisee may not advertise in a form of media that must, by its nature, be seen outside of Franchisee's Territory, in addition to Franchisee's own Territory, without Franchisor's written permission (which will not be unreasonably withheld), unless the advertisement is part of a cooperative advertising program, or part of Franchisor-directed Internet marketing through a Franchisor-approved vendor.

2.6.3 Franchisee may advertise and market to clients, customers, or potential clients or customers only through media that is primarily directed to residents of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11 of the Franchise Disclosure Document and in the Franchise Agreement.

2.6.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations outside of Franchisee's Territory and would like you to service these locations:

2.6.4.1 Franchisee must first check each location to see if it is within a Territory already assigned to a Franchisee, to Franchisor, or Franchisor's Affiliates. If so, Franchisee must give that Franchisee first right of refusal to service that business,

2.6.4.2 If that Franchisee refuses to service the client, or the client is not located within a Franchisee's territory, Franchisee has the right to seek collection service through another third party provider,

2.6.4.3 Franchisee must not service that client directly by traveling to the client, outside of Franchisee's territory,

2.6.4.4 Franchisee must pay any other franchisee a fee for collection services within their territory, to be determined with assistance by Franchisor.

2.6.4.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, outside of Franchisee's territory, from a customer whose principal business office (or principal residence, if the client is an individual) is outside of Franchisee's Territory, (even if that territory is unassigned to a franchisee) Franchisee must refer those leads to Franchisor, to be directed to the appropriate Franchisee, Franchisor, or an Affiliate who is assigned that particular territory or area. Franchisee will not be entitled to any compensation for leads outside of Franchisee's Territory. Compliance with Franchisor's Cross-Territorial Protocol is mandatory and is set out in detail in Franchisor's Operations Manual.

2.6.5 Franchisor reserves the right to establish National Accounts for the benefit of the entire system. A National Account is a company, organization, client, or group of clients that has agreed or requested that we provide any of the services offered by our franchisees at multiple locations across different territories or for multiple clients. A National account can include many different types of organizations, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party providers, or referral agencies.

These National Accounts may be located within or outside of your territory however, you agree to assist us, despite any other provisions contained in the Franchise Agreement to advance this program. If you decide to participate in the National Accounts Program, you agree to all provisions of this program as outlined in the Operations Manual, including but not limited to the allocation of revenues. You

acknowledge that the provisions of the National Accounts Program may be modified from time to time and agree to adhere to those provisions as contained in the Operations Manual. If you decide not to participate in the National Accounts Program, and refuse to service these accounts in your territory, you agree to allow us, our Affiliates, or other franchisees to service these accounts, and agree that this will not be a violation of your territorial rights as outlined in this Franchise Disclosure Document or the Franchise Agreement, and that you will not be entitled to or receive any payments from the service of these accounts.

3. DEVELOPMENT FEE AND FRANCHISE FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of $\underline{\text{0 RENEWAL}}$ DOLLARS ($_____). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees and is non-refundable except as described below.

Franchisee shall pay an Initial Franchise Fee based upon the number of Franchised Businesses for a single Franchised Business in the amount of $45,000, which grants Franchisee the right to use the System and operate the Franchised Business at and from the Franchise Site Franchisee selects and Franchisor approves and to use and display the Marks, but only in operation of the Franchised Business. The Initial Franchise fee shall be paid in a lump sum upon the execution of the Franchise Agreement and is non refundable except as described below. We do not finance any portion of the any fees.

3.2 Development Fees

Franchisee wishes to become a Developer and open multiple Franchised Businesses in a Development Territory, Franchisee shall execute the Multi-Unit Executive Development Agreement ("MUEDA") attached as Exhibit E and pay the Development fee, which includes the Franchise Fee for the first business, and all other discounted Multi-Unit Franchise Fees for businesses to be developed, at the same time as the Initial Franchise Agreement.

3.3 Initial Training Fees

Upon execution of this Agreement, Franchisee shall pay the training fee of $12,500, which includes attendance for both you and one employee ("first employee") for both training Modules One and Two at our Headquarters in Greenville, South Carolina. The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. The Training Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

3.4 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to seven percent (7%) of Gross Sales for the preceding month, or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.00) per month, whichever is greater. However, if Franchisee's Gross Sales are less than $5,000 in any of the first three calendar months (counting partial months) in which Franchisee is open for business, Franchisee will not be required to pay the minimum royalty fee on Gross Sales for those months.

Franchisee's first royalty fee therefore, is due on the 10th of the month following the first month of reaching Gross Sales of $5,000, or on the 10th of the fifth calendar month, in which Franchisee is open for business, whichever occurs first. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report from the previous month's sales (as required by Section 12.2 below), on or before the 10th of each month. Even if royalty fees are not required to be paid on Franchisee's gross sales for the first three calendar months in which Franchisee is open for business, Gross Sales Reports shall still be filed for each month, beginning with the first calendar month open (even if a partial month).

Franchisee shall pay the Royalty Fee directly to Franchisor. Franchisor requires Franchisee, within the first 10 days of opening for business, to sign all documents necessary with Franchisee's bank, to allow Franchisor to be paid via electronic transfer, as set forth above in Section 3.8, the minimum monthly Royalty Fee of THREE HUNDRED FIFTY DOLLARS ($350.00), on the 10th of each month. Should the Gross Sales Report reflect a balance in Royalty Fees due Franchisor, over and above the minimum amount, this balance shall be simultaneously submitted on the 10th of each month by Franchisee directly to Franchisor via check, money order, or certified funds. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

3.5 National Marketing /Advertising Fund ("Ad Fund")

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Ad Fund Fee") equal to 2 percent (2%) of Gross Sales for the preceding month, or a monthly minimum of ONE HUNDRED DOLLARS ($100.00) per month, whichever is greater. However, if Franchisee's Gross Sales are less than $5,000 in any of the first three calendar months (counting partial months) in which Franchisee is open for business, Franchisee will not be required to pay the minimum Ad Fund fee on Gross Sales for those months.

Franchisee's first Ad Fund fee therefore, is due on the 10th of the month following the first month of reaching Gross Sales of $5,000, or on the 10th of the fifth calendar month in which Franchisee is open for business, whichever occurs first. Franchisee shall pay the Ad Fund Fee and submit the Gross Sales Report from the previous month's sales (as required by Section 12.2 below), on or before the 10th of each month. Even if Ad Fund fees are not required to be paid on Franchisee's gross sales for the first three calendar months in which Franchisee is open for business, Gross Sales Reports shall still be filed for each month, beginning with the first calendar month open (even if a partial month).

Franchisee shall pay the Ad Fund Fee directly to Franchisor. Franchisor requires Franchisee, within the first 10 days of opening for business, to sign all documents necessary with

Franchisee's bank, to allow Franchisor to be paid via electronic transfer, as set forth above in Section 3.8, the minimum monthly Ad Fund Fee of ONE HUNDRED DOLLARS ($100.00), on the 10th of each month. Should the Gross Sales Report reflect a balance in Ad Fund Fees due Franchisor, over and above the minimum amount, this balance shall be simultaneously submitted on the 10th of each month by Franchisee directly to Franchisor via check, money order, or certified funds. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

3.6 Local Advertising and Marketing Investment Program

Franchisee shall participate in Franchisor's Local Advertising and Marketing Investment Program, which shall begin just prior to Franchisee's business opening. Franchisor does not collect this money from Franchisee, however, Franchisee shall be required to open a separate business bank account, deposit $12,000 into this account, and provide proof of that deposit to Franchisor within 10 days after signing the Franchise Agreement. The balance of $8,000 must be deposited within 150 days after signing the Franchise Agreement and Franchisee shall also provide proof of that deposit to Franchisor within that time frame. Franchisee shall also be required to provide proof of the balance and expenditures from that account at Franchisor's request.

Beginning with the thirteenth (13th) month of operations, Franchisee shall spend a minimum of $750 per month, on local marketing, advertising and promotion. (See also Section 11 below for a full discussion of Marketing and Advertising Programs).

3.7 Technology Fee

Franchisee shall pay directly to Franchisor, a monthly Technology Fee of TWO-HUNDRED FORTY-NINE DOLLARS ($249.00) through electronic transfer on the 10th day of each month, beginning with the first month of operations. This fee helps fund ongoing maintenance, support and development of computer technology and use of our customized drug testing software. Included in the fee is the ability to process up to 20,000 tests per year on the drug testing software. Should you go over 20,000 tests per year, you will pay an additional $95 per month, which is based on our current cost of services. Should our cost increase during your term, that increase will be passed along to you and we will account for same.

3.8 Electronic Transfer of Franchisee Payments

Franchisee is required to make all Royalty Fees, Ad Fund Contributions, Computer Technology Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts due to Franchisor through an Electronic Funds Transfer ("EFT"). Franchisee shall, within the first 10 days of operations, sign all documents necessary, with their financial institution, to establish the monthly electronic transfer of all Royalty Fees, Ad Fund Contributions, and Computer Technology Fees, to Franchisor. Each month, Franchisee shall insure there are sufficient funds in their business bank account sufficient to cover amounts owed to Franchisor at least 48 hours prior to the date such amounts are due. Additionally, If Franchisee is ever late making a payment, or their bank account does not have sufficient funds to transfer to Franchisor for the monthly payments, Franchisor has the right to require all future payments by Franchisee be made by cashier's check, money order, or any other form of payment Franchisor specifies. Any fees incurred by Franchisor due to Franchisee's late payment will be charged

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

A late fee of $100 will be added to all Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date. Additionally, all Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date, shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the state where you are located if less than 18%) from the date payment is due to the date payment is received by Franchisor. Further, Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees.

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 15.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection per Franchisor's guidelines outlined in the Operations Manual. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (no more than thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including

the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within 90 days after execution of the Franchise Agreement, Franchisee must submit to Franchisor, in writing, a request for an extension of time to find a suitable site, and such request will not be unreasonably denied. However, Franchisor has the right to terminate the Franchise Agreement if, Franchisee has not submitted a site for approval, nor requested an extension within 120 days of signing the Franchise Agreement.

If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, which may include specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 contract with a physician licensed to practice in your state, to provide services for the clinical testing portion of the business;

5.5.1.7 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.5.1.8 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within five (5) months after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 15.2.1.1.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious, assumed name, or "doing business as" (dba) registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make available to Franchisee an in-depth training program that covers material aspects of the operation of the franchised business, including, but not limited to, drug and alcohol, DNA, and clinical testing (unless not available under your Franchisee's state law), Wellness program, Department of Transportation Program training, marketing, sales, legalities, finance, franchise location organization, and on-the-job training at Franchisee's business location. Franchisor's training fee includes

attendance for Franchisee, (or Franchisee's Designated Manager - See Section 1 above for definition) and one employee, for both training Modules at Franchisee's headquarters in Greenville, South Carolina. Franchisee is solely responsible for all training fees and costs for additional attendees/employees, travel costs and living expenses for Franchisee and Franchisee's employees/attendees. Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and is broken down into two Modules Franchisee shall attend approximately six (6) months apart.

Franchisor provides an Operational team member and a Sales team member (who could be one of our mentor franchisees), as part of Franchisee's training fee, to assist at Franchisee's location, on two different occasions, for a total of 5 days. The Operational team member will visit near the time Franchisee's business opens and the Sales team member will visit at a mutually agreeable time thereafter taking into account the Sales team's schedule. Additional on-site assistance is available at a mutually agreeable time, at the noted rate if requested.

Module One includes Franchisor's proprietary ARCpoint Video Training Series, which Franchisee must complete prior to attending classroom training for Module One at corporate headquarters. Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Module One training currently consists of approximately 100 hours, approximately 42 of which are spent in Franchisor's training facility at corporate headquarters, approximately 18 of which consist of a proprietary Video Training Series, and approximately 40 of which are spent at Franchisee's location with one of Franchisor's team members. Franchisee must satisfactorily complete Module One training, in its entirety, within 90 days from the Effective Date, and no more than 4 weeks prior to Franchisee opening for business. Should Franchisee require additional time to complete training due to personal hardship or unforeseen circumstances, Franchisee shall make a written request to Franchisor, which will not be unreasonably denied.

After at least 6 months (but no longer than 18), of operations, Franchisee shall return to Franchisor's Greenville, South Carolina headquarters (unless alternate training arrangements are made) for Module Two, which covers Advanced Regulatory Compliance . Advanced Regulatory Compliance Training lasts approximately 16 hours and includes drug testing policies for all federal modalities, full consortium management training, Compliance, Safety, Accountability ("CSA") training (the Federal Motor Carrier's Safety Administration's ["FMCSA"] grading system), the "ins and outs" of a DOT audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours of service requirements for FMCSA. Franchisee is solely responsible for all training fees and costs for additional attendees/employees, travel costs and living expenses for Franchisee and Franchisee's employees/attendees.

8.2 General Guidance

Franchisor shall offer general guidance to Franchisee by telephone conference, e-mail, facsimile, blog, intranet, and other methods as Franchisor sees reasonable and necessary. Franchisor shall offer advice and guidance on a variety of business matters, including; authorized services or products, operational methods, system changes, best practices, protocols, accounting procedures, and marketing and sales strategies. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Advice and guidance are based on our staff's knowledge of the industry and our Affiliate's experience in operating a drug and clinical/wellness testing businesses.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

At Franchisor's sole discretion, Franchisor may establish national accounts that may require ARCpoint services within your Protected Territory, and contract with various Third Party Administrators that may require the same.

8.3 Additional Assistance

Should Franchisee request additional on-site assistance, or assistance other than the general assistance and guidance provided under this Agreement, to facilitate the opening or continued operation of the franchised business, and Franchisor deems it necessary and reasonable to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rate, plus expenses.

8.4 Visits to Franchised Business

Franchisor or Franchisor's representative, at Franchisor's discretion, may, but is not required, to visit the Franchised Business from time to time for the purposes of auditing various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

8.5 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that Franchisee or its Designated Manager (See definition Section 1 above) is unable to satisfactorily complete the training program in the manner and within the time-frame described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.5, Franchisor will return to Franchisee twenty five percent (25%) or $11,250 of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 17.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

8.6 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager (as long as the new Designated Manager meets the requirements in Section 1 above), the new Designated Manager must complete Module One training to Franchisor's satisfaction prior to assuming managerial responsibility for the franchised business and must attend Module Two training as determined by Franchisor, based upon the number of months the franchised business has been in operation. Franchisee is solely responsible for all training fees and costs for the new Designated Manager which shall equal the then-current rate for Franchisee's additional attendees/employees. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.7 Franchisee Meetings

From time to time Franchisor may provide, and if it does, shall require that the Franchisee or the Designated Manager attend, annual meetings, conferences, or seminars ("meetings") during the term of this Agreement. These meetings shall be for Franchisee's benefit so as to meet and network with other Franchisees, learn new industry practices, stay up-to-date on competitive challenges and opportunities, etc. Franchisor may charge a reasonable fee for attendance at such meetings to help defray costs. Franchisor shall not require the Franchisee or Designated Manager to attend more than one meeting in any calendar year and collectively not more than three (3) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Franchisee or Designated Manager's attendance at such meeting(s).

9. OPERATIONS MANUAL ("Manual")

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic or online copy of the Manual, or such other versions as Franchisor may specify. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written, electronic form or other form as specified by Franchisor. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement, in a manner as specified by Franchisor.

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications known to Franchisee via email, letter, blog, intranet, internet, or any other reasonable method, without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that if a hard copy is retained on file with Franchisee, its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee acknowledges and agrees that Franchisee's operation and maintenance of the Franchise in accordance with Franchise procedures is essential to preserve the goodwill of the Marks and all ARCpoint/ARCpoint Labs businesses. Therefore, at all times during the term of this Agreement, Franchisee agrees to operate and maintain the Franchised Business in strict compliance with all requirements, specifications, standards and operating procedures and rules as set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor and which Franchisor may periodically modify and supplement them during the term of this Agreement.

10.2 Provisions of Agreement

Franchisee agrees that Franchise Procedures prescribed from time to time in the Operations Manual, or otherwise communicated to Franchisee in writing or other tangible form, constitute provisions of this Agreement as if fully contained in this document. All references to this Agreement include Franchise Procedures as periodically modified.

10.3 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, procedures, protocols, training systems, supplies or sales and marketing materials and techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR

($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.4 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 National Marketing/Advertising Fund ("Ad Fund")

Franchisee shall contribute 2% of gross sales or a minimum of $100.00, whichever is greater (as set out in Section 3.5 above) to Franchisor's system-wide "Ad Fund". Franchisor established the Ad Fund to develop a system-wide advertising, promotion and marketing program to enhance the ARCpoint and ARCpoint Labs Brand and Marks. Franchisor shall administer the Ad Fund as follows:

(a) Franchisor shall maintain sole control over all creative concepts, materials, branding standards, and determine placement and allocation of advertisements. Franchisor shall determine the media to be used, which may vary from time to time, depending on a variety of factors, including, but limited to, the national economy, industry regulation regarding marketing and advertising, and research and advice from outside professionals. Franchisor does not guarantee that any one particular franchisee will benefit directly or in proportion to their contribution from the activities of the Ad Fund.

(b) Franchisor shall use Franchisee contributions to meet any cost of developing, producing, maintaining, administering, and directing consumer advertising. Franchisor, in its sole discretion may use the Ad Fund for any of, but not limited to the following: the cost of developing local marketing and advertising promotional materials, creating and implementing various Internet and other electronic media strategies, developing and maintaining the corporate website, creating advertising campaigns, implementing public relations activities, developing national, regional, or third party administration accounts, attending consumer or other end-user trade shows, employing advertising agencies, or other advertising and marketing professionals to assist in these efforts and others such as brand development and conducting a variety of market research. Franchisor in its sole discretion may use your contributions to pay for the services of a national or regional marketing or advertising agency.

(c) Franchisor shall maintain your Ad Fund contributions in a separate account from general operating funds and shall not use them for any of our general operating expenses, except (per FTC Guidelines) for reasonable administrative costs and overhead related to the administration of the Ad Fund. Franchisor shall not use Ad Fund contributions for the direct solicitation of franchise sales.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

(d) Franchisor expects to use all contributions in the fiscal year they are made and intends for the Ad Fund to be perpetual, but maintains the right to terminate it if necessary. Franchisor shall not terminate the Ad Fund until all contributions have been used for advertising, marketing, and promotional purposes, or have been returned to our franchisees on a *pro rata* share.

(e) Franchisor shall have an accounting of the Ad Fund prepared each year and will provide Franchisee with a copy if requested. During the last fiscal year ending December 31, 2011, the Ad Fund spent 44% of its income on the production of advertisements and other promotional materials, 40% for sales support, subscriptions, and media placement, 12% for software and support, and 4% for general and administrative expenses. We may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the expense of the national advertising marketing fund. The Ad Fund is not a trust and we assume no fiduciary duty in administering the national advertising marketing fund.

(f) If Franchisee is in default of any of Franchisee's obligations to Franchisor and/or the Ad Fund, or this Agreement is otherwise subject to termination, Franchisee shall have no rights with respect to the Ad Fund, and Franchisor may deny access to any and all programs and/or materials created by and benefits of, the Ad Fund.

(g) Although Franchisor has not yet done so, but retains the power to require a Franchisee Advisory Council to be formed, changed, dissolved or merged. Franchisor reserves the right to form and periodically meet with, a council(s) of ARCpoint franchisees ("Franchisee Advisory Council") to provide us input. We will give due consideration to all input from the council(s) but we retain the ultimate decision-making authority and responsibility for all of these matters. If we submit a matter for approval by the Franchisee Advisory Council, if one is formed, and that matter is approved by a majority vote of the Franchisee Advisory Council, that approval will be fully binding on you.

11.2 Local Advertising and Marketing Investment Program

Franchisee shall participate in the Local Advertising and Marketing Investment Program, which shall begin just prior to opening for business. The Local Advertising Program is administered by Franchisor as follows:

(a) Franchisee shall be required to set aside a minimum of $20,000 for initial launch of the Local Advertising Program, which will most likely be expended within the first twelve months of operations. Franchisee may choose to spend beyond this amount in the first 12 months you are open. Franchisor does not collect this money from Franchisee up front as a fee, however, Franchisee is required to open a separate business bank account, deposit $12,000 into this account, and provide proof of that deposit to Franchisor within 10 days after signing the Franchise Agreement. The balance of $8,000 must be deposited within 150 days after signing the Franchise Agreement and Franchisee must also provide proof of that deposit to Franchisor within that time frame. Franchisee shall also be required to provide proof of the balance and expenditures from that account at Franchisor's request. This program may include, but not be limited to, Social Media management, Google Ad Words campaign, initialization of your business website, organic search engine optimization, sales promotional start-up package, sales leads, target marketing list purchase, grand opening package, lab start-up package, and local networking (including dues and fees for associations and organizations, etc.). Franchisee may only use this fund for vendors, products, and services that are designated and pre-approved by Franchisor. Franchisee shall pay vendors directly or may be required to pay Franchisor for

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

repayment to vendors. All advertising must be conducted in the manner, style, media, and format, conforming to Franchisor's Brand Standards, and must be approved in advance as set out in Franchisor's Operations Manual. No materials or advertising venue may be utilized unless first approved by Franchisor in writing. Copyrights in any and all promotional materials developed by or for Franchisee, shall become Franchisor's sole property.

(b) Franchisee shall, beginning with the thirteenth (13th) month of operations, be required to continue many of these initial programs with the same vendors, in addition to any other local vendors you may request Franchisor's pre-approval for, but nonetheless, will be required to spend a minimum of $750 per month on local marketing, advertising and promotion. Franchisor shall provide Franchisee access to all advertising and marketing materials prepared by Franchisor, and assist and guide Franchisee in the local advertising program.

(c) Franchisee must account to Franchisor, in any manner Franchisor may prescribe, for all amounts expended for local advertising. Franchisor reserves the right to collect the minimum required monthly local advertising expenditure from, and implement for Franchisee, a local advertising plan. Further, should Franchisee fail to expend the minimum monthly amount on local advertising, Franchisor reserves the right to collect this amount from Franchisee and contribute it to the Ad Fund without giving Franchisee credit toward the required monthly payment to that fund.

(d) Local advertising, marketing and promotion expenses shall include only those out-of-pocket costs directly associated with the development, production, placement, procurement of printed materials or advertising space or time (in any medium pre-approved by us) that is dispersed or disseminated in Franchisee's local area. Also included in these expenses are directly-associated, out-of-pocket costs for payment of marketing or advertising professionals, postage, printing, copying, long-distance phone calls, attendance or participation in local events meant to promote the business (including any hosted at Franchisee's business), and any other pre-approved costs and expenses. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

(e) Franchisee is required to engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities (both organic and paid), with the approved vendors used in the initial Local Advertising and Marketing Investment Program. The exact nature of these activities shall be prescribed by Franchisor from time to time in the Operations Manual and elsewhere. Should Franchisee fail to maintain this activity Franchisor reserves the right to administer SEO on Franchisee's behalf with the vendor of Franchisor's choice, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

11.3 Internet Advertising and Marketing

(a) Franchisee is restricted from establishing a presence on, or marketing using, the Internet without Franchisor's consent. Franchisor has an Internet website at the uniform resource locator www.arcpointlabs.com and includes at the ARCpoint website an interior page containing all basic and system-wide standard information about Franchisee's franchised business, with set-up fees for this page being included in Franchisee's Local Advertising and Marketing Investment Program. Any requested additions or modifications to this page shall be made to, and pre-approved by, Franchisor with any expenses associated therewith being paid by Franchisee.

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(b) Franchisor shall retain sole control and rights to, and final approval of, all Internet and other electronic media advertising and marketing done through use of Franchisor marks and otherwise, including but not limited to the use of websites, domain names, uniform resource locator's (URL's), linking, back-linking, search engines (and search engine optimization techniques), banner ads, meta-tags, auction sites, e-commerce and co-branding arrangements, coupon sites, etc. These rights also include Franchisor's control and rights to Franchisee's usernames and passwords for all advertising, social media and other activities utilizing Franchisor's marks on the internet. Franchisor's protocols for Internet Marketing are contained in the Operations Manual.

(c) Franchisee may be requested to provide content for Franchisor's Internet marketing and Franchisee must follow Franchisor's intranet and Internet usage rules, policies and requirements, and Naming Convention, which may change from time to time as the nature of the Internet itself does.

(d) Franchisee must comply with Franchisor requirements (as described in the Operations Manual or otherwise in writing) with respect to the transmission of all emails in connection with the Franchised Business and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Franchised Business. These activities include participation in any Internet "blogs" or social networking sites. Any similar activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which Franchisee have not previously received Franchisor approval, will be subject to Franchisor approval of advertising as described above.

(e) Franchisee is restricted from utilizing the franchised business name for any marketing, advertising, promotional, or other purpose, in any media (including signage) without Franchisor's prior written consent. Franchisor will assign the name for Franchisee's franchised business, pursuant to Franchisor's Naming Convention, upon Franchisee's signing a lease for, or purchasing Franchisee's business location, within the protected territory Franchisee has purchased. Currently, the franchised business name will depend upon the actual physical address for Franchisee's location and cannot be modified for any reason. Any name or label associated with the protected territory as set out anywhere in this Franchise Agreement, is not guaranteed to be Franchisee's franchised business name and may not be used for any purpose whatsoever other than to denote Franchisee's protected territory in this agreement. Franchisor Naming Convention is contained in the Operations Manual and shall not be deviated from in any manner whatsoever without Franchisor's prior written consent.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the tenth (10th) day of each month. If the tenth (10th) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the eleventh (11th) day of the month. Notwithstanding the timely filing of the monthly Gross Sales Report, Franchisee shall pay Royalty Fees as set out in Section 3.4 above and shall incur interest and late fees pursuant to Section 3.10 above.

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including at least one laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those vendors or suppliers, supplies, signs, equipment and other products that Franchisor approves in advance (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products and/or services shall be purchased or distributed only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Manual, to determine whether the product complies with

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.4 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1. 5 Franchisor may receive volume rebates, markups and other tangible monetary amounts from suppliers or in connection with the furnishing of supplies or suppliers to Franchisee. Should Franchisor receive any such tangible monetary amounts from such suppliers, they shall be deposited into the National Marketing Fund for the benefit of all Franchisees in the system at that time.

13.1.6 Franchisee shall comply with all terms, conditions, and obligations of all contracts and arrangements with suppliers, including contracts and arrangements negotiated by Franchisor or third parties as part of a network or multiple-franchise supply and distribution arrangement, and Franchisee's contracts with and obligations to suppliers. Franchisee shall promptly pay all suppliers in accordance with the agreed-upon terms. In the event Franchisee fails to promptly pay one or more suppliers as required, Franchisor may, but is not required to, pay such suppliers on behalf of Franchisee, and Franchisee shall promptly reimburse Franchisor for such payment following notice from Franchisor, or Franchisor may obtain payment through electronic fund transfer procedures.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.3.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee or Franchisee's Designated Manager as defined in Section 1 of this Agreement, and cannot be initially operated by an absentee owner. The Franchisee or Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall immediately notify Franchisor should the identity of its Designated Manager change.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and

service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address. Franchisor initiates, activates, and maintains full control of this email address and may set protocols and procedures for Franchisee to follow regarding use of this email address and any other email address assigned to the Franchised Business. Additional email addresses shall be assigned to the Franchised Business at Franchisor's discretion and per Franchisor's protocol and procedures. Neither Franchisee nor any other person employed by the Franchised Business will be allowed to communicate with vendors, customers, or potential customers or any other person or entity on behalf of the Franchised Business using an email address that was not initiated or activated by and under Franchisor's full control.

13.11 National Accounts

Franchisor reserves the right to establish National Accounts for the benefit of the entire system. A National Account is a company, organization, client, or group of clients that has agreed or requested that we provide any of the services offered by our franchisees at multiple locations across different territories or for multiple clients. A National account can include many different types of organizations, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party providers, or referral agencies.

These National Accounts may be located within or outside of Franchisee's territory however, Franchisee agrees to assist us, despite any other provisions contained in the Franchise Agreement, to advance this program. If Franchisee decides to participate in the National Accounts

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Program, Franchisee agrees to all provisions of this program as outlined in the Operations Manual, including but not limited to the allocation of revenues. Franchisee acknowledges that the provisions of the National Accounts Program may be modified from time to time and agree to adhere to those provisions as contained in the Operations Manual. If Franchisee decides not to participate in the National Accounts Program, and refuses to service these accounts in Franchisee's territory, Franchisee agrees to allow Franchisor, Franchisor's Affiliates, or other Franchisees to service these accounts, and agrees that this will not be a violation of territorial rights as outlined in this Franchise Disclosure Document or the Franchise Agreement, and that Franchisee shall not be entitled to nor receive any payments from the service of these accounts.

If at any point a disagreement between Franchisees occurs that cannot be resolved without outside assistance, Franchisor has the power to form a council(s) of ARCpoint Franchisees ("Franchisee Advisory Council") to provide Franchisor input. Franchisor shall give due consideration to all input from the council(s) but retains ultimate decision-making authority and responsibility for all of these matters. If Franchisor submits a matter for approval by the Franchisee Advisory Council, if one is formed, and that matter is approved by a majority vote of the Franchisee Advisory Council, that approval will be fully binding on Franchisee. Franchisor has the right to change, dissolve or merge the Council.

14. INSURANCE

14.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 14.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

14.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

14.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

14.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

14.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

14.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

14.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

14.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.3.

14.1.8 Medical malpractice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

14.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

14.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A" in the same classification, Franchisor demands an "A" rating.

14.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 20.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

14.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15. DEFAULT AND TERMINATION

15.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

15.2 Termination by Franchisor

15.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

15.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

15.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

15.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

15.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

15.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

15.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

15.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

15.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

15.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

15.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 17.6;

15.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

15.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

15.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

15.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

15.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

15.2.1.16 engages in any activity exclusively reserved to Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

15.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

15.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

15.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

15.2.2 Except as otherwise provided in Section 15.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

15.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 14 of this Agreement.

15.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

15.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 15.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

15.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 15.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to Six HUNDRED

DOLLARS ($600.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

16. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

16.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

16.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

16.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

16.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

16.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint", "ARCpoint Labs", or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

16.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

16.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

16.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

16.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

16.1.9 comply with all other applicable provisions of this Agreement.

16.2 Post-Termination Covenant Not to Compete

16.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

16.2.1.1 to protect the trade secrets of Franchisor;

16.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

16.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

16.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of at least two (2) years (or, in the case of termination for non-compliance by Franchisor, for a period of time equal to the period of non-compliance even if greater than 2 years), after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

16.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

16.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

16.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

22.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

22.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

22.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

22.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 21.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

22.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

22.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

23. ACKNOWLEDGMENTS

23.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

23.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

23.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

23.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

23.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

23.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

Signatures on following page

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ARCPOINT FRANCHISE GROUP, LLC

By: Felix McCaleb

Name:

Title: CEO

FRANCHISEE: FLORENCE ODS, INC.
(type/print name)

By: Jon Lewis

Name: JON LEWIS

Title: PRES.

[or, if an individual]

Signed: _____

Name printed: _____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ATTACHMENT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this 6 day of FEB, 2013 by FLORENCE ODS, INC., ("RELEASOR") an individual/corporation/limited liability company/partnership with a principal address of 203 W ELM ST, STE A FLORENCE, SC 29501, _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of twenty-five percent (25%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____

(or, if an individual)

Signed:_____

Name printed:_____

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 6 day of February 2013 by and between FLORENCE ODS, INC., ("Franchisee") (d/b/a an ARCpoint Franchise) and _____ ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated 6 FEB, 2013 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years (or, in the case of termination for non-compliance by Franchisor, for a period of time equal to the period of non-compliance even if greater than 2 years),after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years (or, in the case of termination for non-compliance by Franchisor, for a period of time equal to the period of non-compliance even if greater than 2 years), thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years (or, in the case of termination for non-compliance by Franchisor, for a period of time equal to the period of non-compliance even if greater than 2 years), thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement ~~supersedes~~ any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE:

By: FLORENCE ODS, INC

Its: PRESIDENT

JON LEWIS

INDIVIDUAL:

Signature:

Printed Name: JON LEWIS

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ATTACHMENT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 26 day of MARCH, 20 13, by JON LEWIS (FLORENCE DDS, INC)

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by ARCpoint Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that JON LEWIS (FLORENCE DDS, INC) ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 16 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to 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 shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Addendum to ARCpoint Franchise Agreement

This document is made on 6 FEBRUARY, 2013, by and between FLORENCE ODS, INC ("Franchisee") and ARCpoint Franchise Group, LLC ("AFG") and modifies the Franchise Agreement dated ~~21 NOVEMBER, 2006~~ April 30, 2012 ("Current Agreement") between Franchisee and AFG.

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions outlined below. These changes/additions shall be made valid as if they are included in the original stated Agreement.

Franchisee executed his first Franchise Agreement ("Original Agreement") with AFG on 21 NOVEMBER, 2006. His Franchise expired on 21 NOVEMBER, 2011. Since that time the parties have been negotiating, in good faith, regarding modification of certain clauses in the Franchise Agreement, the results of which are memorialized below.

Section 2.4 of the Franchise Agreement shall be modified to read:

So long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.5, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within Franchisee's "Protected Territory". Franchisee's current Protected Territory as granted in his original Franchise Agreement, shall be expanded to include Darlington and Marlboro counties in South Carolina.

Section 3.1 of the Franchise Agreement shall be modified to read:

Because this Franchise Agreement is executed based on Franchisee's rights as set out in Section 4.2 of his original Franchise Agreement, Franchisee shall not pay a Franchise Fee for his Franchised business.

Section 3.3 of the Franchise Agreement shall be modified to read:

Because Franchisee was trained upon execution of the Original Agreement, Franchisor will not require a training fee under the Current Agreement.

Section 3.4 of the Franchise Agreement shall be modified as follows:

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to seven percent (5%) of Gross Sales for the preceding month, or a monthly

minimum of THREE HUNDRED FIFTY DOLLARS ($350.00) per month, whichever is greater.

Franchisee shall pay the Royalty Fee and submit the Gross Sales Report from the previous month's sales (as required by Section 12.2 below), on or before the 10th of each month.

Franchisee shall pay the Royalty Fee directly to Franchisor. Franchisor requires Franchisee, within 10 days of the execution of the Current Agreement, to sign all documents necessary with Franchisee's bank, to allow Franchisor to be paid via electronic transfer, as set forth above in Section 3.8, the minimum monthly Royalty Fee of THREE HUNDRED FIFTY DOLLARS ($350.00), on the 10th of each month. Should the Gross Sales Report reflect a balance in Royalty Fees due Franchisor, over and above the minimum amount, this balance shall be simultaneously submitted on the 10th of each month by Franchisee directly to Franchisor via check, money order, or certified funds. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

Section 3.6 of the Franchise Agreement shall be modified to allow Franchisee to continue to spend on local advertising as stated in his original Franchise Agreement.

Section 3.7 of the Franchise Agreement shall be modified to allow Franchisee to continue pay technology fees as he has under his original Franchise Agreement.

Section 4.2.8 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 5.1 of the Franchise Agreement shall be modified to read:

Franchisee's current location was previously approved by Franchisor who now confirms same. However, should Franchisee's location change in the future, the requirements of Section 5.1 shall be applied in accordance with Section 5.8.

Section 5.2 of the Franchise Agreement shall be modified to read:

Franchisee's current location was previously approved by Franchisor who now confirms same. However, should Franchisee's location change in the future, the requirements of Section 5.2 shall be applied in accordance with Section 5.8.

Section 5.3 of the Franchise Agreement shall be modified to add the following language to the beginning of the paragraph:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee's current location was previously approved by Franchisor who now confirms same and acknowledges that at the time of execution of the Current Document, there was a current lease in effect making the remainder of this Section 5.3 currently inapplicable. However, should Franchisee's location change in the future, the requirements of Section 5.3 shall be applied in accordance with Section 5.8.

Section 5.4 of the Franchise Agreement shall be modified to read:

Franchisee's current location was previously approved by Franchisor who now confirms same. However, should Franchisee's location change in the future, the requirements of Section 5.4 shall be applied in accordance with Section 5.8.

Section 5.5 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 5.6 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 8.1 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 8.5 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 11.2 of the Franchise Agreement shall be modified to allow Franchisee to continue to spend on local advertising as stated in his original Franchise Agreement.

→ I do not wish to waive our right to a jury trial.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum.

ARCpoint Franchise Group, LLC

By: Felix Miranda

Signature

Title: CEO

Franchisee: Florence ODS, INC

By: Jon Lewis

Signature

Title: Pres. (owner)

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 6 day of FEB, 2013, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 220 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and MYRTLE BEACH DDS, LLC whose principal address is 1728 Hwy 501, MB, SC 29577, an individual/partnership/corporation/limited liability company established in the State of SC ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and/or ARCpoint Labs relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

* Capitalized terms not defined upon first use are defined in Section 1.

PLAINTIFF'S EXHIBIT 7 ALL-STATE® INTERNATIONAL

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

"Additional Employees" means any employee you request to receive training, after the one employee, who along with you, may attend both training Modules for the current training fee (See below – "First Employee") has been trained,;

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Protected Territory" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening, wellness, clinical, or other testing services or Advanced Regulatory Compliance, including drug testing policies for all federal modalities, full consortium management training, Compliance, Safety, Accountability ("CSA") training (the Federal Motor Carrier's Safety Administration's ["FMCSA"] grading system), the "ins and outs" of a DOT audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours of service requirements for FMCSA, the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cross-Territorial Sales" service of any customer or client inside or outside of your Territory, or inside the Territory or area that has been assigned to another franchisee, us, or our Affiliates.

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Development Territory" means the Development Rights Franchisor grants to Developer to establish and operate a set number of ARCpoint Businesses at sites located within an area defined in the same manner Franchisor defines Protected Territories.

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"First Employee" the one employee, who along with you, may attend both training Modules for the current training fee;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

"Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

"Local Advertising" has the meaning given to such term in Section 11.2

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Ad Fund" has the meaning given to such term in Section 11.1;

"Ad Fund Fee" has the meaning given to such term in Section 3.5;

"Marks" means the service mark "ARCpoint", ARCpoint Labs (trademark application filed (date here)), and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means a company, organization, client, or group of clients that has agreed or requested that we provide any of the services offered by our franchisees at multiple locations across different territories or for multiple clients. A National account can include many different types of organizations, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party providers, or referral agencies.

"Consortium/Third party administrator ("C/TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to DOT-regulated employers. C/TPAs typically provide or coordinate the provision of a number of such services and perform administrative tasks concerning the operation of the employers' drug and alcohol testing programs. This term includes, but is not limited to, groups of employers who join together to administer, as a single entity, the DOT drug and alcohol testing programs of its members (e.g., having a combined random testing pool). C/TPAs are not "employers" for purposes of this part.

"Royalty Fee" has the meaning given to such term in Section 3.4; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

2.2 Approved Location

Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1, the Operations Manual and any other writing by Franchisor.

2.3 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.4 Protected Territory

2.4.1 So long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.5, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within Franchisee's "Protected Territory" as set out below and further designated and defined in attached zip code list.

_____

_____

_____

2.5 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.3 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses inside and/or outside of the Protected Territory as Franchisor deems appropriate;

2.5.2 establish, own or operate, and grant others the right to establish or operate, other businesses offering the same or similar products utilizing the Marks or other trade names, trademarks and service marks at locations inside and/or outside of the Protected Territory;

2.5.3 service National Accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service National Accounts;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

2.5.4 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.5.4.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.5.4.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.5.5 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.5.6 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.5.7 provide services similar to those offered through the franchised business through any alternate channel of distribution, including through outlets at a fixed location and by Internet;

2.5.8 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.5.9 engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

Franchisee has the right and the obligation to vigorously pursue all potential customers within the boundaries of the Protected Territory. The Cross-Territorial Sales Protocol addresses Franchisee rights and limitations as they apply to the marketing or advertising to, solicitation of, or service of any customer or client inside or outside of the ProtectedTerritory, or inside the Protected Territory or area that has been assigned to another Franchisee, Franchisor, or Franchisor's Affiliates. Franchisor reserves the right to modify this Protocol from time to time, for the entire system, and Franchisee agrees to comply with these modifications. The Protocol does not permit franchisees to solicit or directly market to or service customers in another franchisee's territory.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

The Protocol is set out in full in the Operations Manual and provides, in part, the following:

2.6.1 Franchisee is strictly prohibited from directly marketing to or soliciting customers, through the use of ARCpoint trademarks, or other channels of any nature, whose principal business office (or principal residence, if the client is an individual) is outside of Franchisee's Territory, without Franchisor's written permission.

2.6.2 Franchisee may not advertise in a form of media that must, by its nature, be seen outside of Franchisee's Territory, in addition to Franchisee's own Territory, without Franchisor's written permission (which will not be unreasonably withheld), unless the advertisement is part of a cooperative advertising program, or part of Franchisor-directed Internet marketing through a Franchisor-approved vendor.

2.6.3 Franchisee may advertise and market to clients, customers, or potential clients or customers only through media that is primarily directed to residents of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11 of the Franchise Disclosure Document and in the Franchise Agreement.

2.6.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations outside of Franchisee's Territory and would like you to service these locations:

2.6.4.1 Franchisee must first check each location to see if it is within a Territory already assigned to a Franchisee, to Franchisor, or Franchisor's Affiliates. If so, Franchisee must give that Franchisee first right of refusal to service that business,

2.6.4.2 If that Franchisee refuses to service the client, or the client is not located within a Franchisee's territory, Franchisee has the right to seek collection service through another third party provider,

2.6.4.3 Franchisee must not service that client directly by traveling to the client, outside of Franchisee's territory,

2.6.4.4 Franchisee must pay any other franchisee a fee for collection services within their territory, to be determined with assistance by Franchisor.

2.6.4.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, outside of Franchisee's territory, from a customer whose principal business office (or principal residence, if the client is an individual) is outside of Franchisee's Territory, (even if that territory is unassigned to a franchisee) Franchisee must refer those leads to Franchisor, to be directed to the appropriate Franchisee, Franchisor, or an Affiliate who is assigned that particular territory or area. Franchisee will not be entitled to any compensation for leads outside of Franchisee's Territory. Compliance with Franchisor's Cross-Territorial Protocol is mandatory and is set out in detail in Franchisor's Operations Manual.

2.6.5 Franchisor reserves the right to establish National Accounts for the benefit of the entire system. A National Account is a company, organization, client, or group of clients that has agreed or requested that we provide any of the services offered by our franchisees at multiple locations across

different territories or for multiple clients. A National account can include many different types of organizations, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party providers, or referral agencies.

These National Accounts may be located within or outside of your territory however, you agree to assist us, despite any other provisions contained in the Franchise Agreement to advance this program. If you decide to participate in the National Accounts Program, you agree to all provisions of this program as outlined in the Operations Manual, including but not limited to the allocation of revenues. You acknowledge that the provisions of the National Accounts Program may be modified from time to time and agree to adhere to those provisions as contained in the Operations Manual. If you decide not to participate in the National Accounts Program, and refuse to service these accounts in your territory, you agree to allow us, our Affiliates, or other franchisees to service these accounts, and agree that this will not be a violation of your territorial rights as outlined in this Franchise Disclosure Document or the Franchise Agreement, and that you will not be entitled to or receive any payments from the service of these accounts.

3. DEVELOPMENT FEE AND FRANCHISE FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of _____DOLLARS ($_____). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees and is non-refundable except as described below.

Franchisee shall pay an Initial Franchise Fee based upon the number of Franchised Businesses for a single Franchised Business in the amount of $45,000, which grants Franchisee the right to use the System and operate the Franchised Business at and from the Franchise Site Franchisee selects and Franchisor approves and to use and display the Marks, but only in operation of the Franchised Business. The Initial Franchise fee shall be paid in a lump sum upon the execution of the Franchise Agreement and is non refundable except as described below. We do not finance any portion of the any fees.

3.2 Development Fees

Franchisee wishes to become a Developer and open multiple Franchised Businesses in a Development Territory, Franchisee shall execute the Multi-Unit Executive Development Agreement ("MUEDA") attached as Exhibit E and pay the Development fee, which includes the Franchise Fee for the first business, and all other discounted Multi-Unit Franchise Fees for businesses to be developed, at the same time as the Initial Franchise Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230386

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3.3 Initial Training Fees

Upon execution of this Agreement, Franchisee shall pay the training fee of $12,500, which includes attendance for both you and one employee ("first employee") for both training Modules One and Two at our Headquarters in Greenville, South Carolina. The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. The Training Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.4 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to seven percent (7%) of Gross Sales for the preceding month, or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.00) per month, whichever is greater. However, if Franchisee's Gross Sales are less than $5,000 in any of the first three calendar months (counting partial months) in which Franchisee is open for business, Franchisee will not be required to pay the minimum royalty fee on Gross Sales for those months.

Franchisee's first royalty fee therefore, is due on the 10th of the month following the first month of reaching Gross Sales of $5,000, or on the 10th of the fifth calendar month, in which Franchisee is open for business, whichever occurs first. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report from the previous month's sales (as required by Section 12.2 below), on or before the 10th of each month. Even if royalty fees are not required to be paid on Franchisee's gross sales for the first three calendar months in which Franchisee is open for business, Gross Sales Reports shall still be filed for each month, beginning with the first calendar month open (even if a partial month).

Franchisee shall pay the Royalty Fee directly to Franchisor. Franchisor requires Franchisee, within the first 10 days of opening for business, to sign all documents necessary with Franchisee's bank, to allow Franchisor to be paid via electronic transfer, as set forth above in Section 3.3, the minimum monthly Royalty Fee of THREE HUNDRED FIFTY DOLLARS ($350.00), on the 10th of each month. Should the Gross Sales Report reflect a balance in Royalty Fees due Franchisor, over and above the minimum amount, this balance shall be simultaneously submitted on the 10th of each month by Franchisee directly to Franchisor via check, money order, or certified funds. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

3.5 National Marketing /Advertising Fund ("Ad Fund")

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Ad Fund Fee") equal to 2 percent (2%) of Gross Sales for the preceding month, or a monthly minimum of ONE HUNDRED DOLLARS ($100.00) per month, whichever is greater. However, if Franchisee's Gross Sales are less than $5,000 in any of the first three calendar months (counting partial months) in which Franchisee is open for business, Franchisee will not be required to pay the minimum Ad Fund fee on Gross Sales for those months.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

Franchisee's first Ad Fund fee therefore, is due on the 10th of the month following the first month of reaching Gross Sales of $5,000, or on the 10th of the fifth calendar month in which Franchisee is open for business, whichever occurs first. Franchisee shall pay the Ad Fund Fee and submit the Gross Sales Report from the previous month's sales (as required by Section 12.2 below), on or before the 10th of each month. Even if Ad Fund fees are not required to be paid on Franchisee's gross sales for the first three calendar months in which Franchisee is open for business, Gross Sales Reports shall still be filed for each month, beginning with the first calendar month open (even if a partial month).

Franchisee shall pay the Ad Fund Fee directly to Franchisor. Franchisor requires Franchisee, within the first 10 days of opening for business, to sign all documents necessary with Franchisee's bank, to allow Franchisor to be paid via electronic transfer, as set forth above in Section 3.4, the minimum monthly Ad Fund Fee of ONE HUNDRED DOLLARS ($100.00), on the 10th of each month. Should the Gross Sales Report reflect a balance in Ad Fund Fees due Franchisor, over and above the minimum amount, this balance shall be simultaneously submitted on the 10th of each month by Franchisee directly to Franchisor via check, money order, or certified funds. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

3.6 Local Advertising and Marketing Investment Program

Franchisee shall participate in Franchisor's Local Advertising and Marketing Investment Program, which shall begin just prior to Franchisee's business opening. Franchisor does not collect this money from Franchisee, however, Franchisee shall be required to open a separate business bank account, deposit $12,000 into this account, and provide proof of that deposit to Franchisor within 10 days after signing the Franchise Agreement. The balance of $8,000 must be deposited within 150 days after signing the Franchise Agreement and Franchisee shall also provide proof of that deposit to Franchisor within that time frame. Franchisee shall also be required to provide proof of the balance and expenditures from that account at Franchisor's request.

Beginning with the thirteenth (13th) month of operations, Franchisee shall spend a minimum of $750 per month, on local marketing, advertising and promotion. (See also Section 11 below for a full discussion of Marketing and Advertising Programs).

3.7 Technology Fee

Franchisee shall pay directly to Franchisor, a monthly Technology Fee of TWO-HUNDRED FORTY-NINE DOLLARS ($249.00) through electronic transfer on the 10th day of each month, beginning with the first month of operations. This fee helps fund ongoing maintenance, support and development of computer technology and use of our customized drug testing software. Included in the fee is the ability to process up to 20,000 tests per year on the drug testing software. Should you go over 20,000 tests per year, you will pay an additional $95 per month, which is based on our current cost of services. Should our cost increase during your term, that increase will be passed along to you and we will account for same.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

3.8 Electronic Transfer of Franchisee Payments

Franchisee is required to make all Royalty Fees, Ad Fund Contributions, Computer Technology Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts due to Franchisor through an Electronic Funds Transfer ("EFT"). Franchisee shall, within the first 10 days of operations, sign all documents necessary, with their financial institution, to establish the monthly electronic transfer of all Royalty Fees, Ad Fund Contributions, and Computer Technology Fees, to Franchisor. Each month, Franchisee shall insure there are sufficient funds in their business bank account sufficient to cover amounts owed to Franchisor at least 48 hours prior to the date such amounts are due. Additionally, If Franchisee is ever late making a payment, or their bank account does not have sufficient funds to transfer to Franchisor for the monthly payments, Franchisor has the right to require all future payments by Franchisee be made by cashier's check, money order, or any other form of payment Franchisor specifies. Any fees incurred by Franchisor due to Franchisee's late payment will be charged back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

A late fee of $100 will be added to all Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date. Additionally, all Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date, shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the state where you are located if less than 18%) from the date payment is due to the date payment is received by Franchisor. Further, Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees.

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 15.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection per Franchisor's guidelines outlined in the Operations Manual. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (no more than thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within 90 days after execution of the Franchise Agreement, Franchisee must submit to Franchisor, in writing, a request for an extension of time to find a suitable site, and such request will not be unreasonably denied. However, Franchisor has the right to terminate the Franchise Agreement if, Franchisee has not submitted a site for approval, nor requested an extension within 120 days of signing the Franchise Agreement.

If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, which may include specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 contract with a physician licensed to practice in your state, to provide services for the clinical testing portion of the business;

5.5.1.7 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.5.1.8 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within five (5) months after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 15.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious, assumed name, or "doing business as" (dba) registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country,

any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.3. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint", "ARCpoint Labs", or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said

agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make available to Franchisee an in-depth training program that covers material aspects of the operation of the franchised business, including, but not limited to, drug and alcohol, DNA, and clinical testing (unless not available under your Franchisee's state law), Wellness program, Department of Transportation Program training, marketing, sales, legalities, finance, franchise location organization, and on-the-job training at Franchisee's business location. Franchisor's training fee includes attendance for Franchisee, (or Franchisee's Designated Manager - See Section 1 above for definition) and one employee, for both training Modules at Franchisee's headquarters in Greenville, South Carolina. Franchisee is solely responsible for all training fees and costs for additional attendees/employees, travel costs and living expenses for Franchisee and Franchisee's employees/attendees. Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and is broken down into two Modules Franchisee shall attend approximately six (6) months apart.

Franchisor provides an Operational team member and a Sales team member (who could be one of our mentor franchisees), as part of Franchisee's training fee, to assist at Franchisee's location, on two different occasions, for a total of 5 days. The Operational team member will visit near the time Franchisee's business opens and the Sales team member will visit at a mutually agreeable time thereafter taking into account the Sales team's schedule. Additional on-site assistance is available at a mutually agreeable time, at the noted rate if requested.

Module One includes Franchisor's proprietary ARCpoint Video Training Series, which Franchisee must complete prior to attending classroom training for Module One at corporate headquarters. Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Module One training currently consists of approximately 100 hours, approximately 42 of which are spent in Franchisor's training facility at corporate headquarters, approximately 18 of which consist of a proprietary Video Training Series, and approximately 40 of which are spent at Franchisee's location with one of Franchisor's team members. Franchisee must satisfactorily complete Module One training, in its entirety, within 90 days from the Effective Date, and no more than 4 weeks prior to Franchisee opening for business. Should Franchisee require additional time to complete training due to personal hardship or unforeseen circumstances, Franchisee shall make a written request to Franchisor, which will not be unreasonably denied.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

After at least 6 months (but no longer than 18), of operations, Franchisee shall return to Franchisor's Greenville, South Carolina headquarters (unless alternate training arrangements are made) for Module Two, which covers Advanced Regulatory Compliance . Advanced Regulatory Compliance Training lasts approximately 16 hours and includes drug testing policies for all federal modalities, full consortium management training, Compliance, Safety, Accountability ("CSA") training (the Federal Motor Carrier's Safety Administration's ["FMCSA"] grading system), the "ins and outs" of a DOT audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours of service requirements for FMCSA. Franchisee is solely responsible for all training fees and costs for additional attendees/employees, travel costs and living expenses for Franchisee and Franchisee's employees/attendees.

8.2 General Guidance

Franchisor shall offer general guidance to Franchisee by telephone conference, e-mail, facsimile, blog, intranet, and other methods as Franchisor sees reasonable and necessary. Franchisor shall offer advice and guidance on a variety of business matters, including; authorized services or products, operational methods, system changes, best practices, protocols, accounting procedures, and marketing and sales strategies. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Advice and guidance are based on our staff's knowledge of the industry and our Affiliate's experience in operating a drug and clinical/wellness testing businesses. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

At Franchisor's sole discretion, Franchisor may establish national accounts that may require ARCpoint services within your Protected Territory, and contract with various Third Party Administrators that may require the same.

8.2 Additional Assistance

Should Franchisee request additional on-site assistance, or assistance other than the general assistance and guidance provided under this Agreement, to facilitate the opening or continued operation of the franchised business, and Franchisor deems it necessary and reasonable to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rate, plus expenses.

8.3 Visits to Franchised Business

Franchisor or Franchisor's representative, at Franchisor's discretion, may, but is not required, to visit the Franchised Business from time to time for the purposes of auditing various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such

written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

8.4 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that Franchisee or its Designated Manager (See definition Section 1 above) is unable to satisfactorily complete the training program in the manner and within the time-frame described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.4, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 17.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.5 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager (as long as the new Designated Manager meets the requirements in Section 1 above), the new Designated Manager must complete Module One training to Franchisor's satisfaction prior to assuming managerial responsibility for the franchised business and must attend Module Two training as determined by Franchisor, based upon the number of months the franchised business has been in operation. Franchisee is solely responsible for all training fees and costs for the new Designated Manager which shall equal the then-current rate for Franchisee's additional attendees/employees. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.6 Franchisee Meetings

From time to time Franchisor may provide, and if it does, shall require that the Franchisee or the Designated Manager attend, annual meetings, conferences, or seminars ("meetings") during the term of this Agreement. These meetings shall be for Franchisee's benefit so as to meet and network with other Franchisees, learn new industry practices, stay up-to-date on competitive challenges and opportunities, etc. Franchisor may charge a reasonable fee for attendance at such meetings to help defray costs. Franchisor shall not require the Franchisee or Designated Manager to attend more than one meeting in any calendar year and collectively not more than three (3) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Franchisee or Designated Manager's attendance at such meeting(s).

9. OPERATIONS MANUAL ("Manual")

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Manual or grant Franchisee access to an electronic or online copy of the Manual, or such other versions as Franchisor may specify. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written, electronic form or other form as specified by Franchisor. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement, in a manner as specified by Franchisor.

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications known to Franchisee via email, letter, blog, intranet, internet, or any other reasonable method, without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that if a hard copy is retained on file with Franchisee, its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee acknowledges and agrees that Franchisee's operation and maintenance of the Franchise in accordance with Franchise procedures is essential to preserve the goodwill of the Marks and all ARCpoint/ARCpoint Labs businesses. Therefore, at all times during the term of this Agreement, Franchisee agrees to operate and maintain the Franchised Business in strict compliance with all requirements, specifications, standards and operating procedures and rules as set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor and which Franchisor may periodically modify and supplement them during the term of this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

10.2 Provisions of Agreement

Franchisee agrees that Franchise Procedures prescribed from time to time in the Operations Manual, or otherwise communicated to Franchisee in writing or other tangible form, constitute provisions of this Agreement as if fully contained in this document. All references to this Agreement include Franchise Procedures as periodically modified.

10.3 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, procedures, protocols, training systems, supplies or sales and marketing materials and techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.4 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 National Marketing/Advertising Fund ("Ad Fund")

Franchisee shall contribute 2% of gross sales or a minimum of $100.00, whichever is greater (as set out in Section 3.5 above) to Franchisor's system-wide "Ad Fund". Franchisor established the Ad Fund to develop a system-wide advertising, promotion and marketing program to enhance the ARCpoint and ARCpoint Labs Brand and Marks. Franchisor shall administer the Ad Fund as follows:

(a) Franchisor shall maintain sole control over all creative concepts, materials, branding standards, and determine placement and allocation of advertisements. Franchisor

shall determine the media to be used, which may vary from time to time, depending on a variety of factors, including, but limited to, the national economy, industry regulation regarding marketing and advertising, and research and advice from outside professionals. Franchisor does not guarantee that any one particular franchisee will benefit directly or in proportion to their contribution from the activities of the Ad Fund.

(b) Franchisor shall use Franchisee contributions to meet any cost of developing, producing, maintaining, administering, and directing consumer advertising. Franchisor, in its sole discretion may use the Ad Fund for any of, but not limited to the following: the cost of developing local marketing and advertising promotional materials, creating and implementing various Internet and other electronic media strategies, developing and maintaining the corporate website, creating advertising campaigns, implementing public relations activities, developing national, regional, or third party administration accounts, attending consumer or other end-user trade shows, employing advertising agencies, or other advertising and marketing professionals to assist in these efforts and others such as brand development and conducting a variety of market research. Franchisor in its sole discretion may use your contributions to pay for the services of a national or regional marketing or advertising agency.

(c) Franchisor shall maintain your Ad Fund contributions in a separate account from general operating funds and shall not use them for any of our general operating expenses, except (per FTC Guidelines) for reasonable administrative costs and overhead related to the administration of the Ad Fund. Franchisor shall not use Ad Fund contributions for the direct solicitation of franchise sales.

(d) Franchisor expects to use all contributions in the fiscal year they are made and intends for the Ad Fund to be perpetual, but maintains the right to terminate it if necessary. Franchisor shall not terminate the Ad Fund until all contributions have been used for advertising, marketing, and promotional purposes, or have been returned to our franchisees on a *pro rata* share.

(e) Franchisor shall have an accounting of the Ad Fund prepared each year and will provide Franchisee with a copy if requested. During the last fiscal year ending December 31, 2011, the Ad Fund spent 44% of its income on the production of advertisements and other promotional materials, 40% for sales support, subscriptions, and media placement, 12% for software and support, and 4% for general and administrative expenses. We may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the expense of the national advertising marketing fund. The Ad Fund is not a trust and we assume no fiduciary duty in administering the national advertising marketing fund.

(f) If Franchisee is in default of any of Franchisee's obligations to Franchisor and/or the Ad Fund, or this Agreement is otherwise subject to termination, Franchisee shall have no rights with respect to the Ad Fund, and Franchisor may deny access to any and all programs and/or materials created by and benefits of, the Ad Fund.

(g) Although Franchisor has not yet done so, but retains the power to require a Franchisee Advisory Council to be formed, changed, dissolved or merged. Franchisor reserves the right to form and periodically meet with, a council(s) of ARCpoint franchisees ("Franchisee Advisory Council") to provide us input. We will give due consideration to all input from the council(s) but we retain the ultimate decision-making authority and responsibility for all of these matters. If we submit a matter for approval by the Franchisee Advisory Council, if one is formed, and that matter is approved by a majority vote of the Franchisee Advisory Council, that approval will be fully binding on you.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

11.2 Local Advertising and Marketing Investment Program

Franchisee shall participate in the Local Advertising and Marketing Investment Program, which shall begin just prior to opening for business. The Local Advertising Program is administered by Franchisor as follows:

(a) Franchisee shall be required to set aside a minimum of $20,000 for initial launch of the Local Advertising Program, which will most likely be expended within the first twelve months of operations. Franchisee may choose to spend beyond this amount in the first 12 months you are open. Franchisor does not collect this money from Franchisee up front as a fee, however, Franchisee is required to open a separate business bank account, deposit $12,000 into this account, and provide proof of that deposit to Franchisor within 10 days after signing the Franchise Agreement. The balance of $8,000 must be deposited within 150 days after signing the Franchise Agreement and Franchisee must also provide proof of that deposit to Franchisor within that time frame. Franchisee shall also be required to provide proof of the balance and expenditures from that account at Franchisor's request. This program may include, but not be limited to, Social Media management, Google Ad Words campaign, initialization of your business website, organic search engine optimization, sales promotional start-up package, sales leads, target marketing list purchase, grand opening package, lab start-up package, and local networking (including dues and fees for associations and organizations, etc.). Franchisee may only use this fund for vendors, products, and services that are designated and pre-approved by Franchisor. Franchisee shall pay vendors directly or may be required to pay Franchisor for repayment to vendors. All advertising must be conducted in the manner, style, media, and format, conforming to Franchisor's Brand Standards, and must be approved in advance as set out in Franchisor's Operations Manual. No materials or advertising venue may be utilized unless first approved by Franchisor in writing. Copyrights in any and all promotional materials developed by or for Franchisee, shall become Franchisor's sole property.

(b) Franchisee shall, beginning with the thirteenth (13th) month of operations, be required to continue many of these initial programs with the same vendors, in addition to any other local vendors you may request Franchisor's pre-approval for, but nonetheless, will be required to spend a minimum of $750 per month on local marketing, advertising and promotion. Franchisor shall provide Franchisee access to all advertising and marketing materials prepared by Franchisor, and assist and guide Franchisee in the local advertising program.

(c) Franchisee must account to Franchisor, in any manner Franchisor may prescribe, for all amounts expended for local advertising. Franchisor reserves the right to collect the minimum required monthly local advertising expenditure from, and implement for Franchisee, a local advertising plan. Further, should Franchisee fail to expend the minimum monthly amount on local advertising, Franchisor reserves the right to collect this amount from Franchisee and contribute it to the Ad Fund without giving Franchisee credit toward the required monthly payment to that fund.

(d) Local advertising, marketing and promotion expenses shall include only those out-of-pocket costs directly associated with the development, production, placement, procurement of printed materials or advertising space or time (in any medium pre-approved by us) that is dispersed or disseminated in Franchisee's local area. Also included in these expenses are directly-associated, out-of-pocket costs for payment of marketing or advertising professionals, postage, printing, copying, long-distance phone calls, attendance or participation in local events meant to promote the business (including

any hosted at Franchisee's business), and any other pre-approved costs and expenses. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

(e) Franchisee is required to engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities (both organic and paid), with the approved vendors used in the initial Local Advertising and Marketing Investment Program. The exact nature of these activities shall be prescribed by Franchisor from time to time in the Operations Manual and elsewhere. Should Franchisee fail to maintain this activity Franchisor reserves the right to administer SEO on Franchisee's behalf with the vendor of Franchisor's choice, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

11.3 Internet Advertising and Marketing

(a) Franchisee is restricted from establishing a presence on, or marketing using, the Internet without Franchisor's consent. Franchisor has an Internet website at the uniform resource locator www.arcpointlabs.com and includes at the ARCpoint website an interior page containing all basic and system-wide standard information about Franchisee's franchised business, with set-up fees for this page being included in Franchisee's Local Advertising and Marketing Investment Program. Any requested additions or modifications to this page shall be made to, and pre-approved by, Franchisor with any expenses associated therewith being paid by Franchisee.

(b) Franchisor shall retain sole control and rights to, and final approval of, all Internet and other electronic media advertising and marketing done through use of Franchisor marks and otherwise, including but not limited to the use of websites, domain names, uniform resource locator's (URL's), linking, back-linking, search engines (and search engine optimization techniques), banner ads, meta-tags, auction sites, e-commerce and co-branding arrangements, coupon sites, etc. These rights also include Franchisor's control and rights to Franchisee's usernames and passwords for all advertising, social media and other activities utilizing Franchisor's marks on the internet. Franchisor's protocols for Internet Marketing are contained in the Operations Manual.

(c) Franchisee may be requested to provide content for Franchisor's Internet marketing and Franchisee must follow Franchisor's intranet and Internet usage rules, policies and requirements, and Naming Convention, which may change from time to time as the nature of the Internet itself does.

(d) Franchisee must comply with Franchisor requirements (as described in the Operations Manual or otherwise in writing) with respect to the transmission of all emails in connection with the Franchised Business and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Franchised Business. These activities include participation in any Internet "blogs" or social networking sites. Any similar activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which Franchisee have not previously received Franchisor approval, will be subject to Franchisor approval of advertising as described above.

(e) Franchisee is restricted from utilizing the franchised business name for any marketing, advertising, promotional, or other purpose, in any media (including signage) without Franchisor's prior written consent. Franchisor will assign the name for Franchisee's franchised business, pursuant to Franchisor's Naming Convention, upon Franchisee's signing a lease for, or purchasing

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

Franchisee's business location, within the protected territory Franchisee has purchased. Currently, the franchised business name will depend upon the actual physical address for Franchisee's location and cannot be modified for any reason. Any name or label associated with the protected territory as set out anywhere in this Franchise Agreement, is not guaranteed to be Franchisee's franchised business name and may not be used for any purpose whatsoever other than to denote Franchisee's protected territory in this agreement. Franchisor Naming Convention is contained in the Operations Manual and shall not be deviated from in any manner whatsoever without Franchisor's prior written consent.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the tenth (10th) day of each month. If the tenth (10th) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the eleventh (11th) day of the month. Notwithstanding the timely filing of the monthly Gross Sales Report, Franchisee shall pay Royalty Fees as set out in Section 3.4 above and shall incur interest and late fees pursuant to Section 3.10 above.

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including at least one laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those vendors or suppliers, supplies, signs, equipment and other products that Franchisor approves in advance (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products and/or services shall be purchased or distributed only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Manual, to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based

upon the factors set forth in Section 10.4 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1. 5 Franchisor may receive volume rebates, markups and other tangible monetary amounts from suppliers or in connection with the furnishing of supplies or suppliers to Franchisee. Should Franchisor receive any such tangible monetary amounts from such suppliers, they shall be deposited into the National Marketing Fund for the benefit of all Franchisees in the system at that time.

13.1.6 Franchisee shall comply with all terms, conditions, and obligations of all contracts and arrangements with suppliers, including contracts and arrangements negotiated by Franchisor or third parties as part of a network or multiple-franchise supply and distribution arrangement, and Franchisee's contracts with and obligations to suppliers. Franchisee shall promptly pay all suppliers in accordance with the agreed-upon terms. In the event Franchisee fails to promptly pay one or more suppliers as required, Franchisor may, but is not required to, pay such suppliers on behalf of Franchisee, and Franchisee shall promptly reimburse Franchisor for such payment following notice from Franchisor, or Franchisor may obtain payment through electronic fund transfer procedures.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.3.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee or Franchisee's Designated Manager as defined in Section 1 of this Agreement, and cannot be initially operated by an absentee owner. The Franchisee or Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall immediately notify Franchisor should the identity of its Designated Manager change.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address. Franchisor initiates, activates, and maintains full control of this email address and may set protocols and procedures for Franchisee to follow regarding use of this email address and any other email address assigned to the Franchised Business. Additional email addresses shall be assigned to the Franchised Business at Franchisor's discretion and per Franchisor's protocol and procedures. Neither Franchisee nor any other person employed by the Franchised Business be allowed to communicate with vendors, customers, or potential customers or any other person or entity on behalf of the Franchised Business using an email address that was not initiated or activated by and under Franchisor's full control.

13.11 National Accounts

Franchisor reserves the right to establish National Accounts for the benefit of the entire system. A National Account is a company, organization, client, or group of clients that has agreed or requested that we provide any of the services offered by our franchisees at multiple locations across different territories or for multiple clients. A National account can include many different types of organizations, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party providers, or referral agencies.

These National Accounts may be located within or outside of Franchisee's territory however, Franchisee agrees to assist us, despite any other provisions contained in the Franchise Agreement, to advance this program. If Franchisee decides to participate in the National Accounts Program, Franchisee agrees to all provisions of this program as outlined in the Operations Manual, including but not limited to the allocation of revenues. Franchisee acknowledges that the provisions of the National Accounts Program may be modified from time to time and agree to adhere to those provisions as contained in the Operations Manual. If Franchisee decides not to participate in the National Accounts Program, and refuses to service these accounts in Franchisee's territory, Franchisee agrees to allow Franchisor, Franchisor's Affiliates, or other Franchisees to service these accounts, and agrees that this will not be a violation of territorial rights as outlined in this Franchise Disclosure Document or the Franchise Agreement, and that Franchisee shall not be entitled to nor receive any payments from the service of these accounts.

If at any point a disagreement between Franchisees occurs that cannot be resolved without outside assistance, Franchisor has the power to form a council(s) of ARCpoint Franchisees ("Franchisee Advisory Council") to provide Franchisor input. Franchisor shall give due consideration to all input from the council(s) but retains ultimate decision-making authority and responsibility for all of these matters. If Franchisor submits a matter for approval by the Franchisee Advisory Council, if one is formed, and that matter is approved by a majority vote of the Franchisee Advisory Council, that approval will be fully binding on Franchisee. Franchisor has the right to change, dissolve or merge the Council.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

14. INSURANCE

14.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 14.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

14.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

14.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

14.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

14.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

14.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

14.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

14.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.3.

14.1.8 Medical malpractice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

14.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

14.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

14.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 20.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

14.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15. DEFAULT AND TERMINATION

15.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

15.2 Termination by Franchisor

15.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

15.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

15.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

15.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

15.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

15.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

15.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

15.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

15.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

15.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

15.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 17.6;

15.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

15.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

15.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

15.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

15.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

15.2.1.16 engages in any activity exclusively reserved to Franchisor;

15.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

15.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

15.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

15.2.2 Except as otherwise provided in Section 15.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable

efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

15.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 14 of this Agreement.

15.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

15.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 15.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

15.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 15.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to Six HUNDRED DOLLARS ($600.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

16. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

16.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

16.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

16.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

16.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint", "ARCpoint Labs", or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

16.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

16.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

16.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

16.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

16.1.9 comply with all other applicable provisions of this Agreement.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP230986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

16.2 Post-Termination Covenant Not to Compete

16.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

16.2.1.1 to protect the trade secrets of Franchisor;

16.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

16.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

16.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of at least two (2) years (or, in the case of termination for non-compliance by Franchisor, for a period of time equal to the period of non-compliance even if greater than 2 years), after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

16.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

16.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

16.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

16.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 16.1 or 16.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location

(including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

16.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

16.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

17. TRANSFERABILITY OF INTEREST

17.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

17.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this

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Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.2.1 Franchisee has complied with the requirements set forth in Section 18;

17.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

17.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

17.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

17.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

17.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

17.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

17.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWENTY THOUSAND DOLLARS ($20,000).

17.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

17.2.10 Transferee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

17.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

17.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 16; and

17.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

17.3 Transfer to a Controlled Entity

17.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

17.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

17.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 17.2.8;

17.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

17.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

17.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

17.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

17.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

17.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

17.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

17.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

17.6 Transfer by Death or Incapacity

17.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless such assignment or transfer is to an immediate family member (brother, sister, spouse, son, daughter, mother, or father) of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), or is prohibited by the laws

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

17.6.2 Following such death or Incapacity of such person as described in Section 17.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to SIX HUNDRED DOLLARS ($600.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

18. RIGHT OF FIRST REFUSAL

18.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

18.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (90) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

18.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 17. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Addendum to ARCpoint Franchise Agreement

This document is made on 16 FEB, 2013, by and between Myrtle Beach ODS/HQ ("Franchisee") and ARCpoint Franchise Group, LLC ("AFG") and modifies the Franchise Agreement dated ~~31 DEC~~, 20~~06~~ ("Current Agreement") between Franchisee and AFG. April 30, 2012

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions outlined below. These changes/additions shall be made valid as if they are included in the original stated Agreement.

Franchisee executed his first Franchise Agreement ("Original Agreement") with AFG on 31 DEC, 2006. His Franchise expired on 31 DEC, 2011. Since that time the parties have been negotiating, in good faith, regarding modification of certain clauses in the Franchise Agreement, the results of which are memorialized below.

Section 2.4 of the Franchise Agreement shall be modified to read:

So long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.5, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within Franchisee's "Protected Territory". Franchisee's current Protected Territory as granted in his original Franchise Agreement, shall be expanded to include ~~Darlington and Marlboro~~ counties in South Carolina.
Horry and Georgetown

Section 3.1 of the Franchise Agreement shall be modified to read:

Because this Franchise Agreement is executed based on Franchisee's rights as set out in Section 4.2 of his original Franchise Agreement, Franchisee shall not pay a Franchise Fee for his Franchised business.

Section 3.3 of the Franchise Agreement shall be modified to read:

Because Franchisee was trained upon execution of the Original Agreement, Franchisor will not require a training fee under the Current Agreement.

Section 3.4 of the Franchise Agreement shall be modified as follows:

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to seven percent (5%) of Gross Sales for the preceding month, or a monthly

minimum of THREE HUNDRED FIFTY DOLLARS ($350.00) per month, whichever is greater.

Franchisee shall pay the Royalty Fee and submit the Gross Sales Report from the previous month's sales (as required by Section 12.2 below), on or before the 10th of each month.

Franchisee shall pay the Royalty Fee directly to Franchisor. Franchisor requires Franchisee, within 10 days of the execution of the Current Agreement, to sign all documents necessary with Franchisee's bank, to allow Franchisor to be paid via electronic transfer, as set forth above in Section 3.8, the minimum monthly Royalty Fee of THREE HUNDRED FIFTY DOLLARS ($350.00), on the 10th of each month. Should the Gross Sales Report reflect a balance in Royalty Fees due Franchisor, over and above the minimum amount, this balance shall be simultaneously submitted on the 10th of each month by Franchisee directly to Franchisor via check, money order, or certified funds. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

Section 3.6 of the Franchise Agreement shall be modified to allow Franchisee to continue to spend on local advertising as stated in his original Franchise Agreement.

Section 3.7 of the Franchise Agreement shall be modified to allow Franchisee to continue pay technology fees as he has under his original Franchise Agreement.

Section 4.2.8 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 5.1 of the Franchise Agreement shall be modified to read:

Franchisee's current location was previously approved by Franchisor who now confirms same. However, should Franchisee's location change in the future, the requirements of Section 5.1 shall be applied in accordance with Section 5.8.

Section 5.2 of the Franchise Agreement shall be modified to read:

Franchisee's current location was previously approved by Franchisor who now confirms same. However, should Franchisee's location change in the future, the requirements of Section 5.2 shall be applied in accordance with Section 5.8.

Section 5.3 of the Franchise Agreement shall be modified to add the following language to the beginning of the paragraph:

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986

Franchisee's current location was previously approved by Franchisor who now confirms same and acknowledges that at the time of execution of the Current Document, there was a current lease in effect making the remainder of this Section 5.3 currently inapplicable. However, should Franchisee's location change in the future, the requirements of Section 5.3 shall be applied in accordance with Section 5.8.

Section 5.4 of the Franchise Agreement shall be modified to read:

Franchisee's current location was previously approved by Franchisor who now confirms same. However, should Franchisee's location change in the future, the requirements of Section 5.4 shall be applied in accordance with Section 5.8.

Section 5.5 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 5.6 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 8.1 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 8.5 of the Franchise Agreement shall be stricken as it is inapplicable to the Current Agreement.

Section 11.2 of the Franchise Agreement shall be modified to allow Franchisee to continue to spend on local advertising as stated in his original Franchise Agreement.
DO NOT WISH TO WAIVE OUR RIGHTS TO A JURY TRIAL. JL

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum.

ARCpoint Franchise Group, LLC

By: Felix Miranda

Signature

Title: CEO

Franchisee: Myrtle Beach ODS, Inc.

By: Jon Lewis

Signature

Title: PRES.

ELECTRONICALLY FILED - 2017 Jun 20 4:21 PM - GREENVILLE - COMMON PLEAS - CASE#2017CP2303986