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.

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 2nd day of March, 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 Joseph M. Regan and Sally W. Regan, whose principal address is 1591 Merrill Place, Rock Hill, South Carolina 29732, individuals established in the State of South Carolina ("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 8 ALL-STATE® INTERNATIONAL

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"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;

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"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

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"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.

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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.

Charleston County South Carolina

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

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 <u>Marketing and Solicitation Restrictions</u>

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.

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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

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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 NO DOLLARS ($00000). 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.

3.4 Royalty Fee

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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

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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 back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

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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;

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

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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;

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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:

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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

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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.

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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

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"

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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

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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

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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.

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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.

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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.

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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.

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(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

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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.

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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 (10^{th}) 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 (11^{th}) 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

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

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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.

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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

...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

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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

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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

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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;

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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;

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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

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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

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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.

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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.

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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 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;

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;

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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.

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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 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.

19. 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.

20. RELATIONSHIP AND INDEMNIFICATION

20.1 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.

20.2 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.

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20.3 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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding 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.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 16 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 22.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

21.3 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

21.4 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.

21.5 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.

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21.6 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.

21.7 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.

21.8 Severability and Modification

21.8.1 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.

21.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 16 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.

21.9 Construction

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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.

21.10 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.

21.11 Timing

Time is of the essence. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

22. DISPUTE RESOLUTION

22.1 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

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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.

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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: _____

Name: _____

Title: _____

FRANCHISEE: Joseph M. Regan

Signed: _____

Name printed: _____

FRANCHISEE: Dr. Sally W. Regan

Signed: _____

Name printed: _____

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ATTACHMENT 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 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:_____

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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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ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 200____, by and between Joseph M. Regan and Sally W. Regan, ("Franchisee") (d/b/a an ARCpoint Franchise) and Joseph M. Regan ("Individual") and Sally W. Regan ("Individual").

W I T N E S S E T H:

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.

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

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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.

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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: Sally W Regan
Its: President

FRANCHISEE:
By: Joseph M Rega
Its: Vice President

INDIVIDUAL:
Signature: Sally W Regan
Printed Name: Sally W. Rega

INDIVIDUAL:
Signature: Joseph M Rega
Printed Name: Joseph M. Rega

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ATTACHMENT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 2nd day of March, 2013, by Joseph M. Regan and Sally W. Regan.

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 both Joseph M. Regan and Sally W. Regan ("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 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

Joseph M. Regan
Personally and Individually (Printed Name)

Joseph M Regan
Personally and Individually (Signature)

HOME ADDRESS:
Home Address: 1591 Merrill Place
Rock Hill, South Carolina 29732

TELEPHONE NO.: 843-858-0177
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: 48 %

PERSONAL GUARANTOR

Sally W. Regan
Personally and Individually (Printed Name)

Sally W Regan
Personally and Individually (Signature)

HOME ADDRESS:
Home Address: 1591 Merrill Place
Rock Hill, South Carolina 29732

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: 52 %

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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ATTACHMENT 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: Joseph M. Regan
Position/Title: owner
Home Address: 1591 Merrill Place
Rock Hill, South Carolina 29732
Telephone No.:_____
E-mail address:_____
Percentage of ownership: 48 %

Name: Sally W. Regan
Position/Title: owner
Home Address: 1591 Merrill Place
Rock Hill, South Carolina 29732
Telephone No.:_____
E-mail address:_____
Percentage of ownership 52 %

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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ADDENDUM TO and ASSIGNMENT OF ARCpoint LABS FRANCHISE AGREEMENT

This document is made on March 2, 2013, by and between Joseph M. Regan and Sally W. Regan and ARCpoint Franchise Group, LLC ("AFG") and modifies the Franchise Agreement dated September 28, 2011 between Joseph M. Regan and Sally W. Regan and AFG.

Joseph M. Regan and Sally W. Regan hereby assign the above-referenced ARCpoint Franchise Agreement to 3 Sons Ventures, Inc., a corporation formed on October 5, 2011, under the laws of the state of South Carolina.

A. 3 Sons Ventures, Inc. hereby accepts such assignment and agrees to be bound by all terms and conditions of the Franchise Agreement as fully as if it had originally executed the Franchise Agreement. 3 Sons Ventures, Inc. and Joseph M. Regan and Sally W. Regan warrant and represent to ARCpoint Franchise Group, LLC that the following persons are shareholders or members of 3 Sons Ventures, Inc. at the following percentages of ownership: Joseph M. Regan (48%) and Sally W. Regan (52%).

B. 3 Sons Ventures, Inc. shall immediately notify ARCpoint Franchise Group. LLC of any change in said ownership subject to the provisions of the transferability of interest section of the above-referenced Franchise Agreement.

C. Notwithstanding the assignment of the Franchise Agreement to 3 Sons Ventures, Inc. as set forth herein, both Joseph M. Regan and Sally W. Regan shall remain fully, and jointly and severally liable, and confirm their guaranty of payment and performance of all obligations of the franchisee under the Franchise Agreement. All provisions and terms of the Franchise Agreement, and all collateral agreements, including both Joseph M. Regan's and Sally W. Regan's Personal Guaranties remain in full force and effect notwithstanding this Assignment.

D. The obligations and representations of Joseph M. Regan and Sally W. Regan and 3 Sons Ventures, Inc.to ARCpoint Franchise Group, LLC are material considerations for the consent of ARCpoint Franchise Group to this Assignment.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum and all provisions and terms of the Franchise Agreement, and all collateral agreements, including both Joseph M. Regan's and Sally W. Regan's Personal Guaranties, remain in full force and effect notwithstanding this Assignment and Agreement.

ARCpoint Franchise Group, LLC:

By: _____

Title: CEO

Joseph M. Regan:

By: _____

Sally W. Regan:

By: _____

3 Sons Ventures, Inc.:

By: _____

Title: President

3 Sons Ventures, Inc.:

By: _____

Title: Vice President

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Addendum to ARCpoint Franchise Agreement and Business Purchase Agreement

This document is made on March 2, 2013, by and between 3 Sons Ventures, Inc. ("Franchisee") and ARCpoint Franchise Group, LLC ("AFG"), and modifies the Franchise Agreement executed on September 28, 2011, between Franchisee and AFG.

WHEREAS, 3 Sons Ventures, Inc. and AFG entered into a Franchise Agreement dated September 28, 2011, whereby 3 Sons Ventures, Inc. were awarded a franchised business with two protected territories in the Charlotte and Concord areas of North Carolina; and

WHEREAS, at the time 3 Sons Ventures, Inc. signed the Franchise Agreement, they expressed an interest in purchasing the Charleston, SC territory but could not at that time as AFG and the then-current franchisee of the Charleston, SC business were engaged in a civil law suit over that franchisee's breach of his Franchise Agreement; and

WHEREAS, 3 Sons Ventures, Inc. and AFG entered into a Letter of Understanding (LOU) dated September 28, 2011, which among other terms, set out the parties understanding of the circumstances under which 3 Sons Ventures, Inc. would have the opportunity to exchange ownership of one of their North Carolina territories for the Charleston territory and purchase the Charleston business, at some point in the future when the civil matter was settled between AFG and the then-current Charleston franchisee; and

WHEREAS, the civil law suit AFG and the former franchisee were engaged in, was settled in a Settlement Agreement dated December 17, 2012 wherein all matters have been resolved between the parties and thereby granting AFG ownership of all ADChas, LLC's business assets; and

WHEREAS, the parties desire to modify the Franchise Agreement and exercise their rights as set out in the LOU dated September 28, 2011 except that rather than transfer ownership of one of their North Carolina territories, they wish to purchase the Charleston, SC

business and Charleston County, South Carolina territory (known as ARCpoint of North Charleston) from AFG, in addition to their currently-owned North Carolina franchised businesses and accompanying territories, and accomplish same by execution of a Franchise Agreement dated March 2, 2013;

NOW THEREFORE, for the consideration set forth herein, and consistent with the LOU, the parties agree as follows:

1. Franchisee shall purchase the Charleston, South Carolina business, previously operated as an ARCpoint Franchised Business, and a going concern having been in operation since 2006, currently located in North Charleston, SC ("business"). The purchase includes the following business assets: all client and vendor contracts, client accounts, client records, all records associated with services rendered by ADChas, LLC, furniture, equipment, fixtures and supplies. The purchase specifically excludes all Accounts Receivable and Accounts Payable due and owing as of the close of business March 2, 2013.

2. Franchisee shall attach a copy of the final accounting of the above-referenced Accounts Receivables **"Exhibit A"** as of the date this document is executed by Franchisee. The Accounts Receivable shall remain the sole property of AFG, under the care and control of 3 Sons Ventures, Inc., who shall make arrangements directly with AFG to forward these monies to the proper account or address on a regular basis until AFG is satisfied that they can adequately handle the remaining outstanding accounts alone. Deal has recine

3. A physical inventory of the business assets was taken after the close of business on March 2, 2013. This inventory is attached hereto as **"Exhibit B"**.

4. Franchisee shall take possession of the business on March 2, 2013 at which time Franchisee shall assume all operations of the Franchised Business.

5. AFG promises and agrees to convey good, clear, and marketable title to all the property to be sold hereunder, the same to be free and clear of all liens and encumbrances.

6. Franchisee shall pay to AFG the sum of One-Hundred and Fifty Thousand Dollars ($150,000.00) for the purchase of the business, payable as follows: Franchisee acknowledges receipt of Fifty Thousand Dollars ($50,000.00) prior to January 1, 2013. The balance of One-Hundred Thousand Dollars ($100,000.00) shall be due and payable upon Franchisee's receipt of funds, or by ~~January 31, 2013~~ March 2, 2013, whichever occurs first.

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7. AFG shall assume responsibility for all Accounts Payable due and owing as of the execution date. A list of all Accounts Payable is attached hereto as **"Exhibit C"**. AFG agrees to indemnify and hold harmless Franchisee from any and all claims, demands, losses, causes of action, damage, lawsuits, judgments, including attorneys' fees and costs, arising out of or relating to any debts or liabilities incurred for the benefit of the business prior to the date of execution. Henceforth from the date of execution, Franchisee shall be responsible for all debts incurred on behalf of the business and agrees to indemnify and hold harmless AFG of and from any and all claims, demands, losses, causes of action, damage, lawsuits, judgments, including attorneys' fees and costs, arising out of or relating to any debts or liabilities incurred for the benefit of the business after the date of execution.

8. Franchisee shall work closely with AFG and its staff to bring the Charleston business into full compliance with the franchise system as outlined in the current Franchise Agreement and Operations Manual as soon as practicable.

9. Franchisee shall accept assignment of the business lease, on or before the date of execution, subject to approval by Lessor, and shall transfer all utilities into Franchisee's name, as soon as practicable. If, for any reason, Landlord fails to agree to an assignment of the current lease, Franchisee shall be relieved of the obligation to purchase the business.

10. Franchisee shall obtain or cause to have transferred, into Franchisee's name, all necessary business-associated city and state licenses, as soon as practicable.

11. Franchisee acknowledges receiving copies of, or being allowed to review, or have reviewed by financial professionals, certain financial documents furnished by ADChas, LLC to AFG during the aforementioned litigation, and further acknowledges that no additional representations were made by AFG as to the validity or veracity of these documents, nor were any assurances made to Franchisee as to income potential for the business other than information contained in Item 19 of the current Franchise Disclosure Document.

12. If Franchisee fails to fulfill his obligations herein, Twenty (20%) Percent of all deposits made hereunder by Franchisee shall be retained by the Seller as liquidated damages.

13. If this Agreement shall contain any term or provision which shall be invalid or against public policy or if the application of same is invalid or against public policy, then, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

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No other terms or conditions of the current Franchise Agreement shall be negated, changed, or supplemented as a result of this Addendum and Business Purchase Agreement.

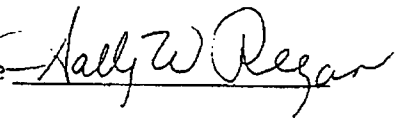
ARCpoint Franchise Group, LLC

By: Felix A. Mirando

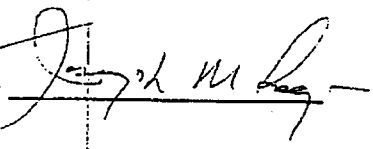
Signature 

Title: Chief Executive Officer

Franchisee: Sally W. Regan

Signature 

Franchisee: Joseph M. Regan

Signature 

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 31 day of July, 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 the below named franchisee ("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:

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

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

PLAINTIFF'S EXHIBIT 9

ALL-STATE® INTERNATIONAL

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"**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;

"**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;

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"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

"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" (stylized trademark application filed 4-9-12), 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/Regional/State ("NRS") Accounts" refers to certain clients that meet specific criteria detailed in the Operations Manual. The minimum requirement, and baseline definition of this type of account is: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. The multiple locations could all be inside the boundaries of one or more territories you own, or both inside and outside of one or more territories you own, which may or may not extend into another franchisee's territory.

"Third party administrator ("TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to employers under either a Drug-Free Workplace program or DOT guidelines. 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. TPAs are not "employers" for purposes of our definition.

"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.

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, and is able and willing to provide necessary products or services under this Agreement, subject to Franchisor's reservation of rights set forth in Section 2.5,

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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 the Schedule of Territory Zip Codes attached as Schedule 1.

MARKET: 060 TX Dallas C MESQUITE

2.5 Franchisor's Rights

2.5.1 Franchisee acknowledges that if he is in default of the Franchise Agreement, or is unable or unwilling to provide necessary products or services under this Agreement, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1.1 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;

2.5.1.2 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;

2.5.1.3 service accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service these accounts;

2.5.2 Franchisor retains the right to 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:

2.5.2.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisee's 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

2.5.2.2 offer the 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.

2.5.3 Franchisor may 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;

2.5.5 Franchisor can solicit, market, advertise, and provide ARCpoint-authorized products and services to a designated National/Regional/State ("NRS") accounts whose principal residence (or

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principal business office if the client is a business entity) is located within the Protected Territory through Franchisor's TPA Program; and

2.5.6 Franchisor may engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

2.6.1 National/Regional/State ("NRS") Accounts

Franchisor reserves the right to maintain control over certain accounts designated as National/Regional/State ("NRS") Accounts, and to market directly to, solicit, and establish NRS accounts for the benefit of the entire system.

Franchisee shall notify Franchisor of any potential clients that meet the following baseline definition of an NRS account: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. These multiple locations could all be inside the boundaries of one or more territories owned by Franchisee, or both inside and outside of one or more territories owned by Franchisee, which may or may not extend into another Franchisee's territory.

Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA").

Any type of organization can be designated as an NRS account, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party administrators, or referral agencies.

2.6.2 Cross-Territorial Protocol

Franchisee has the right to pursue all potential clients within the boundaries of the Protected Territory. Should Franchisee's client have additional locations or employees located anywhere outside of the Protected Territory, Franchisee's actions regarding that client shall be governed by Franchisor's mandatory Cross-Territorial Sales Protocol, as currently written in the Operations Manual, and as modified from time to time by Franchisor.

Franchisor's Cross-Territorial Sales Protocol addresses Franchisee's 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 Affiliates, and provides, in part, the following:

2.6.2.1 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, which will only be given in extremely compelling situations.

2.6.2.2 Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Advertising done via the

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internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising.

2.6.2.3 Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11.

2.6.2.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations (or employees) outside of Franchisee's Territory, and would like you to maintain those additional locations/employees as well:

2.6.2.4.1 If the client falls under the baseline definition as set out in this Agreement, Franchisee shall notify the Franchisor immediately and Franchisor shall determine if the account shall be designated as NRS, per the criteria set out in the Operations Manual. If Franchisor designates account as NRS, the Franchisee and Franchisor shall adhere to the guidelines set out in the Operations Manual regarding account administration and revenue sharing.

2.6.2.4.2 If Franchisor does not designate the Franchisee's client as NRS, but there are client locations/employees in another franchisee's (or Affiliate's) territory, Franchisee shall give the other franchisee the first right of refusal to provide collection services for the client, and shall pay for these services the then-current, system-wide, collection fee, as set out in the Operations Manual.

2.6.2.4.3 If the other franchisee refuses to provide collection service for the client, or the client is not located within a current franchisee's territory, Franchisee has the right to seek collection services through another third party provider, however, Franchisee shall not service that client directly by traveling to the client, outside of Franchisee's territory.

2.6.2.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, from a client 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 another franchisee) Franchisee shall refer those leads to Franchisor for a determination of how the client will be serviced. Franchisee shall not be entitled to compensation for leads outside of Franchisee's Territory.

2.6.2.6 If Franchisee establishes a relationship with a client inside Franchisee's Territory, which has additional locations/employees outside of the Protected Territory, which are not currently located inside another franchisee's Territory (non-protected Territory), and has been determined by Franchisor not fall under the NRS program, if in the future, the non-protected Territory is sold to a franchisee, the protocol for dealing with those particular locations/employees shall change accordingly. Once sold, Franchisor reserves the right to determine all issues with regard to the status of business inside that Territory, with input from the ARCpoint National Franchisee Advisory Council ("NAC"). Franchisee may be granted a share of the revenue, all of the revenue, or none of the revenue.

2.6.3 If at any point a disagreement between you and another franchisee occurs that cannot be resolved without outside assistance, the ARCpoint National Franchise Advisory Council ("NAC") will be asked to assess the situation and to provide input to us for resolution. 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 NAC, and the matter is approved by a majority vote, it

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will be fully binding on you. We have the right to change, dissolve, or merge the Council.

3. FRANCHISE FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of ONE HUNDRED EIGHTY THOUSAND DOLLARS ($180,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. 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 for a single territory 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 Franchise Fee- Multiple Territories

A Franchisee who purchases multiple franchise territories at the same time and enters into a Multi-Unit Executive Development Addendum ("MUEDA") (Attachment E), shall pay franchise fees as follows:

(a) First territory	$45,000
(b) Second territory	$40,000
(c) Third territory	$35,000
(d) Fourth+ territories	$30,000

3.3 Initial Training Fees

Franchisee shall pay a one-time initial training fee of $12,500. Franchisees acquiring multiple territories at the same time shall not pay initial training fees contained in other Franchise Agreements signed under the current Multi-Unit Executive Development Addendum. The initial training fee covers all required training for both Franchisee/Designated Manager and one employee. Franchisee shall pay additional fees for training any and all additional employees, for any location established under the current Franchise Agreement or any Franchise Agreement signed under the current Multi-Unit Executive Development Agreement.

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.

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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 receive all royalty payments via electronic transfer, as set forth in Section 3.8, on the 10th of each month. 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 receive all Ad Fund Fees via electronic transfer, as set forth in Section 3.8. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

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3.6 Local Advertising and Marketing Investment Program

Franchisee shall participate in an on-going Local Advertising and Marketing Investment Program. This program begins with an Initial Launch Period lasting from just before the business opens, through the first year of operation, wherein you will be required to spend approximately $20,000 for the Program. Of the $20,000, $7,500 will be paid directly to Franchisor to pay specific mandatory expenditures on Franchisee's behalf, with the remainder of $12,500 to be expended directly by Franchisee, at Franchisor's direction, at various times throughout this period, for specific mandatory expenses.

Beginning in the thirteenth (13th) month of operations, through the end of the franchise term, Franchisee shall be required to expend 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 an initial Technology Fee of $1,500 and 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 back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

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Both Franchisee and Franchisor shall each pay all Federal, State, and other taxes as they are legally bound to do.

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 Agreement at the expiration of its term and successive Franchise Agreements at the end of their terms, subject to the terms and conditions to qualify for a renewal in future Franchise Agreements. Presently, 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;

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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, (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, initial advertising start-up fees, initial training fee, technology set-up fee (other than the actual costs of any changes to technology), and any other initial fees that Franchisor deems unnecessary for an existing Franchisee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current training qualifications for a new franchisee, except that Franchisee shall not pay any fees associated with this training other than travel expenses and any actual costs Franchisor realizes for the training; 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;

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;

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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 required 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 do all things necessary, as detailed in the Operations Manual, to hire and train the personnel necessary or required for the operation of the Franchised Business, purchase the necessary supplies and equipment, buy the necessary licenses, and otherwise prepare the business for opening;

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.

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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.

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

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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 Franchisor. 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

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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

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

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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 in the United States.

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7.3.2 Do or perform any other act injurious or prejudicial to Franchisor; or

7.3.3 Engage in any Competitive Business anywhere in the United States without the express written consent of Franchisor; or

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

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 Attachment 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.

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's training fee includes all required training for Franchisee/Designated Manager and one employee. Additional expenses apply for additional employees. 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, Advanced Regulatory Training ("ARC"), corporate wellness program, marketing, sales, legal and compliance issues, and accounting, and on-the-job training at Franchisee's business location. Franchisor reserves the right to deliver all training (other than on-the-job training) via inter-active, web-based, or video-based methods.

Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and up to 5 optional days of real-time observation and learning at are held at Affiliate, ARCpoint Labs of Greenville, or an approved franchise location. Franchisee is solely responsible for all training fees and costs for additional employees at the noted rates, and travel costs and living expenses for Franchisee and Franchisee's employee.

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Training is completed in 5 phases, and must be completed to Franchisor's satisfaction: 1) Opening Training (approximately 3 hours) - begins within 10 days of signing the Franchise Agreement, provides Franchisee, via telephone, email, and various other online resources, information and assistance with site selection, and various other instructions on business set-up including access to the Operations Manual, 2) ARCpoint Video Training Series (approximately 14 hours) – instruction and examination regarding drug, alcohol, and DNA testing and collection procedures and the methodologies involved in each, 3) ARCpoint University – (approximately 40 hours) takes place at Franchisor headquarters and includes live instruction on all remaining material aspects of operating the franchised business, including clinical testing, corporate wellness program, marketing, sales, legal and compliance issues, and accounting. Franchisee must satisfactorily complete this portion of the training no more than 2 to 4 weeks prior to opening your franchised business, 4) ARC Training (approximately 12 hours) – The Advanced Regulatory Compliance training covers: 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 Department of Transportation ("DOT") audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours-of-service requirements for FMCSA. The timing for beginning this training depends on both Franchisee's comfort level and readiness to move forward in this area, and Franchisor's assessment of Franchisee's readiness. Once Franchisee satisfactorily completes the ARC program to become ARCpoint-certified Franchisee shall be permitted to perform any of the covered services, and train all additional Franchisee employees in these areas of regulatory compliance, 5) On-the-job Training (approximately 40 hours) – One member each, from Franchisor's operations and sales teams, or a select mentor franchisee, will visit Franchisee's location, within approximately three months of Franchisee's business opening, at a mutually-agreeable time, to focus on operational organization and sales approach. The Operations visit covers 16 hours of training over the course of 2 days and the Sales visit covers 24 hours of training over the course of 3 days. Prior to the operations visit, Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Franchisee shall reimburse Franchisor for any direct costs and expenses incurred by Franchisor at the point of cancellation, if Franchisee unilaterally cancels or re-schedules this training. Franchisee shall also pay the noted hourly rate, during any on-the-job training, in which Franchisor's services are requested or utilized for more than the number of hours included in the training fee.

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

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competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

8.3 Additional Assistance

Should Franchisee request additional on-site assistance, or assistance other than the training, 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 the noted rate.

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. For a multiple territory purchase pursuant to a MUEDA, Franchisor shall refund 15% of the initial Franchise Fee paid on the second and subsequent territories. 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.

8.6 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 I 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

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.

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-

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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

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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.

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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, 2012, the Ad Fund spent 18% of its income on the production of advertisements and other promotional materials, 28% for sales support, subscriptions, and media placement, 52% for technology and software services, and 2% 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) Franchisor has formed a National Franchisee Advisory Council ("NAC") 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 an on-going Local Advertising and Marketing Investment Program, beginning just prior to Franchisee's business opening. This program is divided into an Initial Launch Period lasting through Franchisee's first year of operation, followed by Required and Perpetual Monthly Expenditures.

Initial Launch Period - begins just prior to business opening and lasting through Franchisee's first year of operation, wherein Franchisee shall invest a total of approximately $20,000. This investment will be administered as follows:

> Franchisee shall pay directly to Franchisor, within 10 days after signing the Franchise Agreement, the amount of $7,500, to be dispersed by Franchisor to pay specific mandatory expenditures on Franchisee's behalf.
>
> The remainder of Franchisee's required initial expenditure, in the approximate amount of $12,500, shall be expended directly by Franchisee at Franchisor's direction, at various times throughout the Initial Launch Period, for specific mandatory advertising and marketing expenses.
>
> Franchisee shall be required to sign contracts with certain approved vendors and pay them directly, but, at Franchisor's direction, Franchisee shall remit payment to Franchisor for any and all expenditures that vendors require Franchisor to pay directly

Required and Perpetual Monthly Expenditures - Beginning in the thirteenth (13th) month of Franchisee's operations, through the end of Franchisee's term, Franchisee shall expend a minimum of

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$750 per month toward local marketing, advertising and promotion as described below. Franchisee shall, at Franchisor's direction, continue many of the expenditures from the initial launch period, with the same vendors, in addition to other local vendors Franchisee may choose and which Franchisor may approve.

Franchisor reserves the right to collect the required minimum monthly expenditure of $750 from, and implement for, Franchisee, a local advertising plan, or collect this expenditure from Franchisee and contribute it to the Ad Fund with no credit given Franchisee toward Franchisee's required monthly payment to that fund.

All local advertising shall be conducted in the manner, style, media, and format, conforming to our Brand Standards, and shall be approved in advance by Franchisor as set out in the Operations Manual. Franchisor shall provide Franchisee access to all advertising and marketing materials, assist in tailoring those products to Franchisee's business needs, and provide guidance in Franchisee's local advertising program. Franchisee shall not utilize advertising materials or venues unless first approved by Franchisor, in writing. Franchisor shall retain property right in all Copyrights in any and all promotional materials that Franchisee develops, or are developed for Franchisee.

Franchisee shall engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities as prescribed by Franchisor, by the approved vendor, or 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, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

Franchisee must account to Franchisor, in any manner prescribed, 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.

Local advertising, marketing, and promotion expenses shall include only those out-of-pocket costs directly associated with the pre-approved development, production, placement, procurement of printed materials or advertising space or time dispersed or disseminated in by Franchisee in Franchisee's Protected Territory in this Franchise Agreement. 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 shall also be included as out-of-pocket costs. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

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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 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.

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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 (10^{th}) 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 (11^{th}) 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 Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's current or prospective lenders or investors. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

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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, at all times, 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 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 first approved.

13.1.2 Franchisor shall provide Franchisee, in the Operations 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 provide that supplier with Franchisor's contact information to enable vendor to furnish Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Operations Manual, to determine whether the product complies with standards and specifications, or whether the supplier meets its Approved Supplier criteria. 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.

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.

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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 (via email is allowed) 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.

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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 Operations 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 ownership and 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 as outlines in the Operations Manual or other written communications. 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. Franchisor reserves the right to suspended Franchisee's email upon default under any provision herein.

13.11 National/Regional/State ("NRS") Accounts

Franchisor shall have the right to designate certain of Franchisee's clients as NRS accounts, if they meet specific criteria detailed in the Operations Manual. Franchisor shall further evaluate a client account for NRS designation if it first meets a specific baseline definition: a company, organization, or

client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. Franchisor's Operations Manual provides additional examples and definitions of an NRS account.

Franchisee shall notify Franchisor of all potential clients that fall meet the baseline definition of a NRS account. Franchisor shall further analyze the account, per the criteria in the Operations Manual, to determine if the account will be designated NRS. Franchisor shall administer all NRS accounts through the Third Party Administrator ("TPA") program as further set out in the Operations Manual.

Franchisor reserves the right to market directly to, solicit, and establish NRS accounts for the benefit of the entire system, no matter the location, provided the account meets the criteria as set out in the Operations Manual.

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. Franchisee must also require any physicians and/or other health care providers, that provide services to the franchised business, and who are required by law to carry medical malpractice insurance, to provide Franchisee with written documentation of their current medical malpractice insurance coverage. Franchisee shall furnish this documentation to Franchisor, upon demand.

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

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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.

14.2 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, copies of their insurance policies 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.

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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 Attachment 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

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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;

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 affected 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.

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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 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 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:

16.2.2.1 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor; or

16.2.2.2 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to compete against or terminate or modify her, his or its employment or business relationship with 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 Attachment 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

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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, 16.2, or Attachment B. 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,

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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:

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;

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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;

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,

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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 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

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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.

19. BENEFICIAL OWNERS OF FRANCHISEE

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

20. RELATIONSHIP AND INDEMNIFICATION

20.1 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.

20.2 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.

20.3 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,

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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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding 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.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 16 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

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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 22.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

21.3 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

21.4 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.

21.5 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.

21.6 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.

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21.7 **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.

21.8 **Severability and Modification**

21.8.1 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.

21.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 16 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.

21.9 **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.

21.10 **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.

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21.11 Timing

Time is of the essence. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

22. DISPUTE RESOLUTION

22.1 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.

22.2 Venue

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought, if at all, solely 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. Franchisor may also bring claims for injunctive relief against the Franchisee 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.

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 against the other.

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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, to any other agreements between the parties, or with regard to any of the dealings 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 ("AAA") then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the AAA 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.

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.

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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

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

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix McDonald

Title: CEO

FRANCHISEE: Robert E. Robert

Signed: _____

Name printed: Robert E Robert

Address: 2408 Provine Road
McKinney, Texas 75070

FRANCHISEE: Gregory A. Jump

Signed: _____

Name printed: Gregory A. Jump

Address: 1309 South Wellington Point Road
McKinney, Texas 75070

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Schedule of Territory Zip Codes

The Protected Territory herein is defined as including the zip codes shown on Schedule 1 following this Page C-55 of the Franchise Agreement.

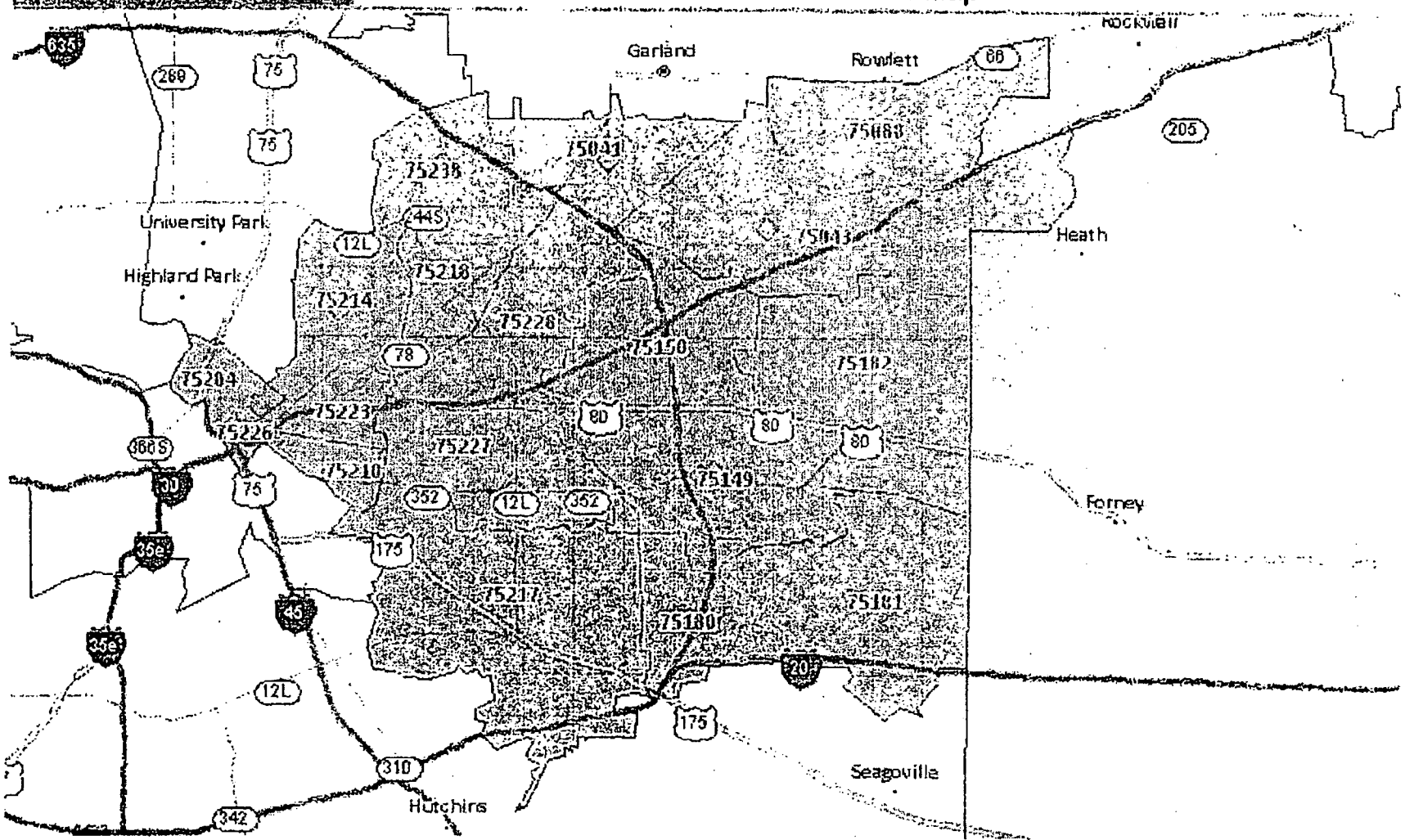
Schedule 1

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
C 060 TX Mesquite SOLD	060 TX Dallas	75041	Garland	1,587	19,148	598	17,170	342	10,050
C 060 TX Mesquite SOLD	060 TX Dallas	75043	Garland	1,263	11,204	434	9,546	230	5,995
C 060 TX Mesquite SOLD	060 TX Dallas	75047	GARLAND	7	19	1	7	1	7
C 060 TX Mesquite SOLD	060 TX Dallas	75049	GARLAND	13	46	4	28	3	21
C 060 TX Mesquite SOLD	060 TX Dallas	75088	Rowlett	901	10,877	380	9,839	220	6,279
C 060 TX Mesquite SOLD	060 TX Dallas	75149	Mesquite	1,768	20,645	606	18,321	332	9,618
C 060 TX Mesquite SOLD	060 TX Dallas	75150	Mesquite	2,522	29,639	972	26,541	476	12,032
C 060 TX Mesquite SOLD	060 TX Dallas	75180	Balch Springs	695	6,604	218	5,650	124	3,739
C 060 TX Mesquite SOLD	060 TX Dallas	75181	Mesquite	377	2,760	102	2,210	67	1,684
C 060 TX Mesquite SOLD	060 TX Dallas	75182	Sunnyvale	252	4,083	104	3,787	64	2,106
C 060 TX Mesquite SOLD	060 TX Dallas	75185	MESQUITE	16	60	4	36	4	31
C 060 TX Mesquite SOLD	060 TX Dallas	75187	MESQUITE	13	54	4	36	4	36
C 060 TX Mesquite SOLD	060 TX Dallas	75204	Dallas	2,403	23,042	789	19,816	613	12,157
C 060 TX Mesquite SOLD	060 TX Dallas	75210	Dallas	236	2,681	81	2,371	33	919
C 060 TX Mesquite SOLD	060 TX Dallas	75214	Dallas	1,188	7,608	316	5,864	198	3,227
C 060 TX Mesquite SOLD	060 TX Dallas	75217	Dallas	1,745	13,823	473	11,279	237	6,406
C 060 TX Mesquite SOLD	060 TX Dallas	75218	Dallas	1,129	9,051	330	7,453	170	3,924
C 060 TX Mesquite SOLD	060 TX Dallas	75223	Dallas	536	3,802	146	3,022	68	1,265
C 060 TX Mesquite SOLD	060 TX Dallas	75226	Dallas	895	8,907	329	7,775	193	4,947
C 060 TX Mesquite SOLD	060 TX Dallas	75227	Dallas	1,218	13,166	376	11,482	238	7,798
C 060 TX Mesquite SOLD	060 TX Dallas	75228	Dallas	1,943	16,392	600	13,708	331	7,788
C 060 TX Mesquite SOLD	060 TX Dallas	75238	Dallas	1,982	22,649	750	20,189	429	11,368
C 060 TX Mesquite SOLD	060 TX Dallas	75246	Dallas	416	5,378	142	4,830	103	3,671
C 060 TX Mesquite SOLD	060 TX Dallas	75355	DALLAS	12	42	2	22	2	22
C 060 TX Mesquite SOLD	060 TX Dallas	75357	DALLAS	8	34	2	22	2	22
C 060 TX Mesquite SOLD	060 TX Dallas	75359	DALLAS	8	72	4	64	2	42
C 060 TX Mesquite SOLD	060 TX Dallas	75360	DALLAS	13	31	1	7	0	0
C 060 TX Mesquite SOLD	060 TX Dallas	75371	DALLAS	1	15	1	15	1	15

Market: TX Dallas

Franchise: C 060 TX - Mesquite SOLD

Franchise Map



	Territory	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
⊞	C 060 TX Mesquite SOLD	23,147	231,832	7,769	201,090	4,487	115,16

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ATTACHMENT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR"); 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:_____

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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ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 31 day of July, 2013, by and between Franchisee (d/b/a an ARCpoint Franchise), the below named Individual, and ARCpoint Franchise Group, LLC ("Franchisor" or "Company").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated July 31, 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.

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

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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. No Harmful Acts

a) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, do or perform any act injurious or prejudicial to Franchisee or Franchisor.

4. Non-Diversion

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee to any Competitive Business within the United States, by direct or indirect inducement or otherwise.

b) Post-Term. 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, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, divert or attempt to divert any business or customer of Franchisee to any Competitive Business.

5. Non-Competition

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, engage in any Competitive Business anywhere in the United States without the express written Consent of Franchisor.

b) Post-Term. For a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor.

6. Non-Solicitation

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within the United States, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor, 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.

b) Post-Term. For a period of two (2) years after expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, within

any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, 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.

7. 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.

8. 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.

9. 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 any 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 Franchisor and Franchisee, their affiliates, subsidiaries, successors and assigns.

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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.

IN WITNESS WHEREOF, Franchisee, Individual, and Franchisor have 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.

FRANCHISEE: Robert E. Robert

Signed: _____

Name printed: Robert E Robert

Address: 2408 Provine Road
McKinney, Texas 75070

FRANCHISEE: Gregory A. Jump

Signed: _____

Name printed: Gregory A Jump

Address: 1309 South Wellington Point Road
McKinney, Texas 75070

INDIVIDUAL: Robert E. Robert

Signature: _____

Printed Name: Robert E Robert

INDIVIDUAL: Gregory A. Jump

Signature: _____

Printed Name: Gregory A. Jump

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Miranda

Title: CEO

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ATTACHMENT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 31 day of July, 2013, by the below named Guarantor(s).

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 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 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

- 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:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF CONNECTICUT

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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

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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 Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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, 15.2 and 17, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

- Sections 4.2.9, 17.2.3, 17.2.6 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 15.2.1.12 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 Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 15 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 22.1 and 22.2 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, Section 22.4 of the Franchise Agreement and Section 13.4 of the Executive Development Agreement are 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. Section 23.6 of the Franchise Agreement is amended accordingly.

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:	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

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FOR THE STATE OF INDIANA

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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, 8.5 and 17.2.3 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 15 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 16.2 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 20.3 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 22.1 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 22.2 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 22.7 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 are 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:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE STATE OF MARYLAND

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

Item 5 of the Disclosure Document and Section 3.1 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 under the franchise agreement and the first outlet opens.

Items 12 and 17(c)(m) of the franchise disclosure document and Sections 4.2.9, 5.2, 8.5, 17.2.3, 17.2.6 of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the franchise disclosure document and Section 15.2.1.12 of the Franchise Agreement, which terminate 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(v) of the Disclosure Document and Sections 22.2 and 22.7 of the Franchise Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17(v) of the franchise disclosure document and Section 22.4 of the Franchise Agreement are amended to state that: Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Sections 23.1, 23.2, 23.3, 23.4, 23.5, and 23.6, Acknowledgments, Section 21.7, Entire Agreement, of the Franchise Agreement, Sections 12.1, 12.8 Entire Agreement and the Compliance Questionnaire in Exhibit G are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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 MICHIGAN

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 16.2 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, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the

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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 Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 15 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, 8.5, and 17.2.3 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 22.4 of the Franchise Agreement shall 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 22.5 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.

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(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.

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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;

(3) a sample must be accompanied by a written chain-of-custody record; and

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(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: _____

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FOR THE STATE OF NEW YORK

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

1. All references made herein to "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 17.2.3 of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal, transferee; such release shall exclude claims arising under the General Business Laws.

- Under Item 17(j) of the Disclosure Document and Section 17.1 of the Franchise Agreement, Franchisor 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. However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

- Item 17(d) 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 20.3 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(w) of the Disclosure Document and Section 22.1 of 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; The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.

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.

10. New York law requires a franchisor to provide the franchise disclosure document 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. Do not delete the statement on the receipt page referring to the 14 calendar-day requirement under the FTC Franchise Rule.

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 NORTH DAKOTA

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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(c) Disclosure Document and Sections 4.2.9, 5.2, 8.5, and 17.2.3 of the Franchise Agreement requiring you to sign a general release upon renewal of the franchise may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

- Item 17(i) of the Disclosure Document and Section 17.6 of the Franchise Agreement requiring you to consent to termination or liquidated damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

- Item 17(r) of the Disclosure Document and Section 16.2 of the Franchise Agreement restricting competition are generally considered unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

- Item 17(u) of the Franchise Disclosure Document and Section 22.7 of the Franchise Agreement requiring resolution of disputes to be arbitrated or mediated outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. The site of arbitration or mediation must be agreeable to all parties.

- Item 17(v) of the Disclosure Document and Section 22.2 of the Franchise Agreement provides that franchisees must consent to jurisdiction of the courts in South Carolina. These provisions shall be deleted in their entireties.

- Item 17(w) of the Franchise Disclosure Document and Section 22.1 of the Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

- Item 17(w) of the Franchise Disclosure Document and Section 18.16 of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and is amended accordingly to the extent required by law.

- Item 17(i) of the Franchise Disclosure Document and Sections 16.1.5 and 16.1.6 of the Franchise Agreement requiring the franchisee to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

- Item 17 of the Franchise Disclosure Document and Section 22.4 of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. The Statute of Limitations under North Dakota Law will apply.

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 Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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, 8.5, and 17.2.3 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 22.1, 22.2, and 22.7 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 Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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:

By: _____

Title: _____

Franchisee: _____

By: _____

Title: _____

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FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Section 15.2.1.12, 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 15.2.1.19 of the Franchise Agreement will not be applicable to the Franchise Agreement signed by the Virginia franchisee entering into the attached agreement.

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 Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 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 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, 8.5, and 17.2.3 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 22.1 of 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 22.2 and 22.7 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: _____

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FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale or grant unless otherwise stated in your state's addendum.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Washington require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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, Randy Loeb, 220 North Main St. Suite 325, Greenville, South Carolina 29601, (864) 271-3210.

Pete Baldine, Accelerated Development, 3250 Benson Rd., Morris IL 60450 (630) 294-0481

Kurt Kempfer, Kempfer Enterprises, LLC., 10171 Bluffmont Dr, Long Tree, CO 80124, (303) 799-2688

Issuance Date: March 4, 2013

I received a franchise disclosure document dated March 4, 2013, that included the following exhibits:

A. LIST OF STATE ADMINISTRATORS
B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
C. FRANCHISE AGREEMENT
   Attachment A - GENERAL RELEASE
   Attachment B - NONDISCLOSURE AND NON-COMPETITION AGREEMENT
   Attachment C - UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS
   Attachment D - HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE
   Attachment E – MULTI UNIT EXECUTIVE DEVELOPER ADDENDUM
D. [Reserved]
E. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
F. AUDITED FINANCIAL STATEMENTS
G. FRANCHISEE DISCLOSURE QUESTIONNAIRE
H. MULTI-STATE ADDENDA TO THE FDD AND FRANCHISE AGREEMENT

RECEIPTS LAST PAGE

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.

5-15-2013
Date of Receipt

Print Name: Robert E. Robert

Signature

Return to Franchisor:

ARCpoint Franchise Group, LLC
220 North Main St. Suite 325
Greenville, South Carolina 29601

-- LAST PAGE --

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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 we offer you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale or grant unless otherwise stated in your state's addendum.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Washington require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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:

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Issuance Date: March 4, 2013

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   Attachment E – MULTI UNIT EXECUTIVE DEVELOPMENT ADDENDUM
D. [Reserved]
E. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
F. AUDITED FINANCIAL STATEMENTS
G. FRANCHISEE DISCLOSURE QUESTIONNAIRE
H. MULTI-STATE ADDENDA TO THE FDD AND FRANCHISE AGREEMENT

RECEIPTS LAST PAGE

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.

5-15-2013
Date of Receipt

Print Name: Robert E. Robert

Signature

Return to Franchisor:

ARCpoint Franchise Group, LLC
220 North Main St. Suite 325
Greenville, South Carolina 29601

-- LAST PAGE --

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Addendum to and Assignment of ARCpoint Franchise Agreement

This document is made on July 31, 2013, by and between Robert E. Robert and Gregory A. Jump ("Franchisees"), and ARCpoint Franchise Group, LLC ("AFG") modifies the Franchise Agreement dated July 31, 2013 between 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.

Section 2.5.2.1 shall be modified as follows:

"offer the franchisee the right of first refusal to purchase any competing business in the franchisee's Protected Territory at the business's fair market value to be operated as a ARCpoint Business;..."

Section 3.1 shall be modified as follows:

"Upon execution of this Agreement, Franchisee shall pay to Franchisor, a down-payment of $25,000.00, toward the total fee ("Franchise Fee") of ONE HUNDRED EIGHTY THOUSAND DOLLARS ($180,000.00), and shall execute a Promissory Note for the remaining Franchise Fee and all other Fees due and owning under this Franchise Agreement. The Franchise Fee (down payment and remaining balance) 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..."

Exhibit E – Paragraph 1 of the Multi Unit Executive Development Addendum shall be modified as follows:

"Franchisor and Franchisee agree that Franchisee shall use best efforts* to open an Approved Location in each of the above listed Territories pursuant to the following Development Schedule, however, in any event, all six locations shall be open by December 31, 2019.
*best efforts - means an obligation to act with good faith in light of one's own capabilities"

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Exhibit E – Paragraph 3 of the Multi Unit Executive Development Addendum shall be modified as follows:

"Initial Training Fee. If Franchise acquires two or more franchise territories at the same time, Franchisee will only pay one Initial Training fee under Section 3.3 of the Franchise Agreements for the entire purchase, not per territory. Additionally, because Franchisee has paid for 5 territories, the initial training fee will cover training, at corporate headquarters, for the four equitable owners of the franchise and 5 additional employees (no matter by which franchise location they are employed)."

Exhibit E of the Multi Unit Executive Development Addendum shall be modified by adding the following as Paragraph 4:

"The transfer fee in the amount of TWENTY THOUSAND DOLLARS ($20,000.00), referred to in Section 17.2.8 of the Franchise Agreement, Item 6 of the FDD, and possibly elsewhere in the Franchise Documents, shall be payable only per property transfer/closing transaction, and is not intended to be charged per territory."

Assignment of Interest:

Robert E. Robert and Gregory A. Jump hereby assign the ARCpoint Franchise Agreement signed July 31, between Robert E. Robert and Gregory A. Jump and ARCpoint Franchise Group, LLC to JumpR2, Inc., a corporation formed on July 16, 2013, under the laws of the state of Texas.

A. JumpR2, Inc. hereby accepts all such assignment and agrees to be bound by all terms and conditions of the Franchise Agreement as fully as if it had originally executed the Franchise Agreement. JumpR2, Inc. and Robert E. Robert and Gregory A. Jump warrant and represent to ARCpoint Franchise Group, LLC that the following persons are shareholders or members of JumpR2, Inc.: Robert E. Robert and Gregory A. Jump, both of McKinney, Texas – Robert E. Robert, Registered Agent (2408 Provine Road McKinney, TX 75070).

B. Each Shareholder of JumpR2 acknowledges the following percentage of ownership in Franchisee:

1. Robert E. Robert: 50 %
2. Gregory A. Jump: 50 %

C. By virtue of their legal or beneficial interest in Franchisee, each of the above named Shareholders, not having previously done so, shall execute both an Unlimited Guarantee and Assumption of Obligations (Attachment C to the Franchise Agreement) and, a Non-Disclosure and Non-Competition Agreement (Attachment

B to the Franchise Agreement) and return it to the Franchisor, with the originally-executed Franchise Agreement and an original of this document.

D. JumpR2, Inc. shall immediately notify ARCpoint Franchise Group. LLC of any change in said ownership subject to the provisions of Section 17 of the Franchise Agreement.

E. Notwithstanding the assignment of the Franchise Agreement to JumpR2, Inc.as set forth herein, Robert E. Robert and Gregory A. Jump shall remain fully liable and confirm their guaranty of payment and performance of all obligations of the franchisee under the Franchise Agreement. All provisions and terms of the Franchise Agreement, and all collateral agreements, including Robert E. Robert and Gregory A. Jump Personal Guaranty remain in full force and effect notwithstanding this Assignment. Additionally, due to their status as

F. The obligations and representations of Robert E. Robert and Gregory A. Jump and JumpR2, Inc.to ARCpoint Franchise Group, LLC are material considerations for the consent of ARCpoint Franchise Group to this Assignment.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum and all provisions and terms of the Franchise Agreement, and all collateral agreements, including Robert E. Robert and Gregory A. Jump Personal Guaranty, remain in full force and effect notwithstanding this Assignment and Agreement.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum.

FRANCHISEE: JumpR2, Inc.

By: _____

Title: President

FRANCHISEE: JumpR2, Inc.

By: _____

Title: Secretary

ARCpoint Franchise Group, LLC

By: _____

Title: CEO

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 14th day of June, 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 the below named franchisee_ ("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:

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

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

PLAINTIFF'S EXHIBIT 10 ALL-STATE® INTERNATIONAL

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"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;

"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;

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"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

"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" (stylized trademark application filed 4-9-12), and such other trade names, trademarks, service marks, trade dress, designs,

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graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National/Regional/State ("NRS") Accounts" refers to certain clients that meet specific criteria detailed in the Operations Manual. The minimum requirement, and baseline definition of this type of account is: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. The multiple locations could all be inside the boundaries of one or more territories you own, or both inside and outside of one or more territories you own, which may or may not extend into another franchisee's territory.

"Third party administrator ("TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to employers under either a Drug-Free Workplace program or DOT guidelines. 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. TPAs are not "employers" for purposes of our definition.

"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.

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, and is able and willing to provide necessary products or services under this Agreement, subject to Franchisor's reservation of rights set forth in Section 2.5,

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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 the Schedule of Territory Zip Codes attached as Schedule 1.

Chicago (Chicago South) OR 009 - 60602 AS

2.5 Franchisor's Rights

2.5.1 Franchisee acknowledges that if he is in default of the Franchise Agreement, or is unable or unwilling to provide necessary products or services under this Agreement, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1.1 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;

2.5.1.2 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;

2.5.1.3 service accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service these accounts;

2.5.2 Franchisor retains the right to 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:

2.5.2.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisee's 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

2.5.2.2 offer the 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.

2.5.3 Franchisor may 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;

2.5.5 Franchisor can solicit, market, advertise, and provide ARCpoint-authorized products and services to a designated National/Regional/State ("NRS") accounts whose principal residence (or

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principal business office if the client is a business entity) is located within the Protected Territory through Franchisor's TPA Program; and

2.5.6 Franchisor may engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

2.6.1 National/Regional/State ("NRS") Accounts

Franchisor reserves the right to maintain control over certain accounts designated as National/Regional/State ("NRS") Accounts, and to market directly to, solicit, and establish NRS accounts for the benefit of the entire system.

Franchisee shall notify Franchisor of any potential clients that meet the following baseline definition of an NRS account: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. These multiple locations could all be inside the boundaries of one or more territories owned by Franchisee, or both inside and outside of one or more territories owned by Franchisee, which may or may not extend into another Franchisee's territory.

Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA").

Any type of organization can be designated as an NRS account, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party administrators, or referral agencies.

2.6.2 Cross-Territorial Protocol

Franchisee has the right to pursue all potential clients within the boundaries of the Protected Territory. Should Franchisee's client have additional locations or employees located anywhere outside of the Protected Territory, Franchisee's actions regarding that client shall be governed by Franchisor's mandatory Cross-Territorial Sales Protocol, as currently written in the Operations Manual, and as modified from time to time by Franchisor.

Franchisor's Cross-Territorial Sales Protocol addresses Franchisee's 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 Affiliates, and provides, in part, the following:

2.6.2.1 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, which will only be given in extremely compelling situations.

2.6.2.2 Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Advertising done via the

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internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising.

2.6.2.3 Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11.

2.6.2.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations (or employees) outside of Franchisee's Territory, and would like you to maintain those additional locations/employees as well:

2.6.2.4.1 If the client falls under the baseline definition as set out in this Agreement, Franchisee shall notify the Franchisor immediately and Franchisor shall determine if the account shall be designated as NRS, per the criteria set out in the Operations Manual. If Franchisor designates account as NRS, the Franchisee and Franchisor shall adhere to the guidelines set out in the Operations Manual regarding account administration and revenue sharing.

2.6.2.4.2 If Franchisor does not designate the Franchisee's client as NRS, but there are client locations/employees in another franchisee's (or Affiliate's) territory, Franchisee shall give the other franchisee the first right of refusal to provide collection services for the client, and shall pay for these services the then-current, system-wide, collection fee, as set out in the Operations Manual.

2.6.2.4.3 If the other franchisee refuses to provide collection service for the client, or the client is not located within a current franchisee's territory, Franchisee has the right to seek collection services through another third party provider, however, Franchisee shall not service that client directly by traveling to the client, outside of Franchisee's territory.

2.6.2.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, from a client 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 another franchisee) Franchisee shall refer those leads to Franchisor for a determination of how the client will be serviced. Franchisee shall not be entitled to compensation for leads outside of Franchisee's Territory.

2.6.2.6 If Franchisee establishes a relationship with a client inside Franchisee's Territory, which has additional locations/employees outside of the Protected Territory, which are not currently located inside another franchisee's Territory (non-protected Territory), and has been determined by Franchisor not fall under the NRS program, if in the future, the non-protected Territory is sold to a franchisee, the protocol for dealing with those particular locations/employees shall change accordingly. Once sold, Franchisor reserves the right to determine all issues with regard to the status of business inside that Territory, with input from the ARCpoint National Franchisee Advisory Council ("NAC"). Franchisee may be granted a share of the revenue, all of the revenue, or none of the revenue.

2.6.3 If at any point a disagreement between you and another franchisee occurs that cannot be resolved without outside assistance, the ARCpoint National Franchise Advisory Council ("NAC") will be asked to assess the situation and to provide input to us for resolution. 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 NAC, and the matter is approved by a majority vote, it

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will be fully binding on you. We have the right to change, dissolve, or merge the Council.

3. FRANCHISE 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 8.5. 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 for a single territory 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 Franchise Fee- Multiple Territories

A Franchisee who purchases multiple franchise territories at the same time and enters into a Multi-Unit Executive Development Addendum ("MUEDA") (Attachment E), shall pay franchise fees as follows:

(a) First territory	$45,000
(b) Second territory	$40,000
(c) Third territory	$35,000
(d) Fourth+ territories	$30,000

3.3 Initial Training Fees

Franchisee shall pay a one-time initial training fee of $12,500. Franchisees acquiring multiple territories at the same time shall not pay initial training fees contained in other Franchise Agreements signed under the current Multi-Unit Executive Development Addendum. The initial training fee covers all required training for both Franchisee/Designated Manager and one employee. Franchisee shall pay additional fees for training any and all additional employees, for any location established under the current Franchise Agreement or any Franchise Agreement signed under the current Multi-Unit Executive Development Agreement.

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

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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 receive all royalty payments via electronic transfer, as set forth in Section 3.8, on the 10th of each month. 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 receive all Ad Fund Fees via electronic transfer, as set forth in Section 3.8. 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 an on-going Local Advertising and Marketing Investment Program. This program begins with an Initial Launch Period lasting from just before the business opens, through the first year of operation, wherein you will be required to spend approximately $20,000 for the Program. Of the $20,000, $7,500 will be paid directly to Franchisor to pay specific mandatory expenditures on Franchisee's behalf, with the remainder of $12,500 to be expended directly by Franchisee, at Franchisor's direction, at various times throughout this period, for specific mandatory expenses.

Beginning in the thirteenth (13th) month of operations, through the end of the franchise term, Franchisee shall be required to expend 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 an initial Technology Fee of $1,500 and 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 back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

Both Franchisee and Franchisor shall each pay all Federal, State, and other taxes as they are legally bound to do.

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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 Agreement at the expiration of its term and successive Franchise Agreements at the end of their terms, subject to the terms and conditions to qualify for a renewal in future Franchise Agreements. Presently, 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, (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, initial advertising start-up fees, initial training fee, technology set-up fee (other than the actual costs of any changes to technology), and any other initial fees that Franchisor deems unnecessary for an existing Franchisee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current training qualifications for a new franchisee, except that Franchisee shall not pay any fees associated with this training other than travel expenses and any actual costs Franchisor realizes for the training; 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

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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;

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

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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;

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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 required 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 do all things necessary, as detailed in the Operations Manual, to hire and train the personnel necessary or required for the operation of the Franchised Business, purchase the necessary supplies and equipment, buy the necessary licenses, and otherwise prepare the business for opening;

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.

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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.

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

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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 Franchisor. 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.

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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

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

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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 in the United States.

7.3.2 Do or perform any other act injurious or prejudicial to Franchisor; or

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7.3.3 Engage in any Competitive Business anywhere in the United States without the express written consent of Franchisor; or

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

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 Attachment 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.

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's training fee includes all required training for Franchisee/Designated Manager and one employee. Additional expenses apply for additional employees. 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, Advanced Regulatory Training ("ARC"), corporate wellness program, marketing, sales, legal and compliance issues, and accounting, and on-the-job training at Franchisee's business location. Franchisor reserves the right to deliver all training (other than on-the-job training) via inter-active, web-based, or video-based methods.

Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and up to 5 optional days of real-time observation and learning at are held at Affiliate, ARCpoint Labs of Greenville, or an approved franchise location. Franchisee is solely responsible for all training fees and costs for additional employees at the noted rates, and travel costs and living expenses for Franchisee and Franchisee's employee.

Training is completed in 5 phases, and must be completed to Franchisor's satisfaction: 1) Opening Training (approximately 3 hours) - begins within 10 days of signing the Franchise Agreement,

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provides Franchisee, via telephone, email, and various other online resources, information and assistance with site selection, and various other instructions on business set-up including access to the Operations Manual, 2) ARCpoint Video Training Series (approximately 14 hours) – instruction and examination regarding drug, alcohol, and DNA testing and collection procedures and the methodologies involved in each, 3) ARCpoint University – (approximately 40 hours) takes place at Franchisor headquarters and includes live instruction on all remaining material aspects of operating the franchised business, including clinical testing, corporate wellness program, marketing, sales, legal and compliance issues, and accounting. Franchisee must satisfactorily complete this portion of the training no more than 2 to 4 weeks prior to opening your franchised business, 4) ARC Training (approximately 12 hours) – The Advanced Regulatory Compliance training covers: 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 Department of Transportation ("DOT") audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours-of-service requirements for FMCSA. The timing for beginning this training depends on both Franchisee's comfort level and readiness to move forward in this area, and Franchisor's assessment of Franchisee's readiness. Once Franchisee satisfactorily completes the ARC program to become ARCpoint-certified Franchisee shall be permitted to perform any of the covered services, and train all additional Franchisee employees in these areas of regulatory compliance, 5) On-the-job Training (approximately 40 hours) – One member each, from Franchisor's operations and sales teams, or a select mentor franchisee, will visit Franchisee's location, within approximately three months of Franchisee's business opening, at a mutually-agreeable time, to focus on operational organization and sales approach. The Operations visit covers 16 hours of training over the course of 2 days and the Sales visit covers 24 hours of training over the course of 3 days. Prior to the operations visit, Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Franchisee shall reimburse Franchisor for any direct costs and expenses incurred by Franchisor at the point of cancellation, if Franchisee unilaterally cancels or re-schedules this training. Franchisee shall also pay the noted hourly rate, during any on-the-job training, in which Franchisor's services are requested or utilized for more than the number of hours included in the training fee.

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.

8.3 Additional Assistance

Should Franchisee request additional on-site assistance, or assistance other than the training, 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 the noted rate.

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. For a multiple territory purchase pursuant to a MUEDA, Franchisor shall refund 15% of the initial Franchise Fee paid on the second and subsequent territories. 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.

8.6 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 I 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

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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.

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.

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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

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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, 2012, the Ad Fund spent 18% of its income on the production of advertisements and other promotional materials, 28% for sales support, subscriptions, and media placement, 52% for technology and software services, and 2% 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

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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) Franchisor has formed a National Franchisee Advisory Council ("NAC") 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 an on-going Local Advertising and Marketing Investment Program, beginning just prior to Franchisee's business opening. This program is divided into an Initial Launch Period lasting through Franchisee's first year of operation, followed by Required and Perpetual Monthly Expenditures.

Initial Launch Period - begins just prior to business opening and lasting through Franchisee's first year of operation, wherein Franchisee shall invest a total of approximately $20,000. This investment will be administered as follows:

Franchisee shall pay directly to Franchisor, within 10 days after signing the Franchise Agreement, the amount of $7,500, to be dispersed by Franchisor to pay specific mandatory expenditures on Franchisee's behalf.

The remainder of Franchisee's required initial expenditure, in the approximate amount of $12,500, shall be expended directly by Franchisee at Franchisor's direction, at various times throughout the Initial Launch Period, for specific mandatory advertising and marketing expenses.

Franchisee shall be required to sign contracts with certain approved vendors and pay them directly, but, at Franchisor's direction, Franchisee shall remit payment to Franchisor for any and all expenditures that vendors require Franchisor to pay directly

Required and Perpetual Monthly Expenditures - Beginning in the thirteenth (13th) month of Franchisee's operations, through the end of Franchisee's term, Franchisee shall expend a minimum of $750 per month toward local marketing, advertising and promotion as described below. Franchisee shall, at Franchisor's direction, continue many of the expenditures from the initial launch period, with the same vendors, in addition to other local vendors Franchisee may choose and which Franchisor may approve.

Franchisor reserves the right to collect the required minimum monthly

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expenditure of $750 from, and implement for, Franchisee, a local advertising plan, or collect this expenditure from Franchisee and contribute it to the Ad Fund with no credit given Franchisee toward Franchisee's required monthly payment to that fund.

All local advertising shall be conducted in the manner, style, media, and format, conforming to our Brand Standards, and shall be approved in advance by Franchisor as set out in the Operations Manual. Franchisor shall provide Franchisee access to all advertising and marketing materials, assist in tailoring those products to Franchisee's business needs, and provide guidance in Franchisee's local advertising program. Franchisee shall not utilize advertising materials or venues unless first approved by Franchisor, in writing. Franchisor shall retain property right in all Copyrights in any and all promotional materials that Franchisee develops, or are developed for Franchisee.

Franchisee shall engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities as prescribed by Franchisor, by the approved vendor, or 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, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

Franchisee must account to Franchisor, in any manner prescribed, 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.

Local advertising, marketing, and promotion expenses shall include only those out-of-pocket costs directly associated with the pre-approved development, production, placement, procurement of printed materials or advertising space or time dispersed or disseminated in by Franchisee in Franchisee's Protected Territory in this Franchise Agreement. 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 shall also be included as out-of-pocket costs. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

11.3 <u>Internet Advertising and Marketing</u>

(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

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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 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

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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 (10^{th}) 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 (11^{th}) 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 Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's current or prospective lenders or investors. 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

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financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall, at all times, 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 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 first approved.

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13.1.2 Franchisor shall provide Franchisee, in the Operations 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 provide that supplier with Franchisor's contact information to enable vendor to furnish Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Operations Manual, to determine whether the product complies with standards and specifications, or whether the supplier meets its Approved Supplier criteria. 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.

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 (via email is allowed) 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

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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 Operations 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 ownership and 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 as outlines in the Operations Manual or other written communications. 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. Franchisor reserves the right to suspended Franchisee's email upon default under any provision herein.

13.11 National/Regional/State ("NRS") Accounts

Franchisor shall have the right to designate certain of Franchisee's clients as NRS accounts, if they meet specific criteria detailed in the Operations Manual. Franchisor shall further evaluate a client account for NRS designation if it first meets a specific baseline definition: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. Franchisor's Operations Manual provides additional examples and definitions of an NRS account.

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Franchisee shall notify Franchisor of all potential clients that fall meet the baseline definition of a NRS account. Franchisor shall further analyze the account, per the criteria in the Operations Manual, to determine if the account will be designated NRS. Franchisor shall administer all NRS accounts through the Third Party Administrator ("TPA") program as further set out in the Operations Manual.

Franchisor reserves the right to market directly to, solicit, and establish NRS accounts for the benefit of the entire system, no matter the location, provided the account meets the criteria as set out in the Operations Manual.

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. Franchisee must also require any physicians and/or other health care providers, that provide services to the franchised business, and who are required by law to carry medical malpractice insurance, to provide Franchisee with written documentation of their current medical malpractice insurance coverage. Franchisee shall furnish this documentation to Franchisor, upon demand.

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;

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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.

14.2 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, copies of their insurance policies 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

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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 Attachment 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

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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;

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

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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 affected 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

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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 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 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:

16.2.2.1 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor; or

16.2.2.2 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to compete against or terminate or modify her, his or its employment or business relationship with 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 Attachment 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

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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, 16.2, or Attachment B. 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,

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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:

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;

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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;

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;

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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 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

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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.

19. BENEFICIAL OWNERS OF FRANCHISEE

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

20. RELATIONSHIP AND INDEMNIFICATION

20.1 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.

20.2 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.

20.3 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,

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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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding 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.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 16 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

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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 22.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

21.3 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

21.4 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.

21.5 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.

21.6 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.

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21.7 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.

21.8 Severability and Modification

21.8.1 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.

21.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 16 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.

21.9 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.

21.10 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.

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21.11 Timing

Time is of the essence. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

22. DISPUTE RESOLUTION

22.1 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.

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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, to any other agreements between the parties, or with regard to any of the dealings 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 ("AAA") then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the AAA 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.

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

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

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix McCann

Title: CEO

FRANCHISEE: Neil Seltz

Signed: _____

Name printed: Neil Seltz

Address: 56 Carter

Breckenridge, CO 80424

FRANCHISEE: Lesly Datlow

Signed: _____

Name printed: Leslie Datlaw

Address: 56 Carter

Breckenridge, CO 80424

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Schedule 1

Schedule of Territory Zip Codes

The Protected Territory is defined as including the following zip codes:

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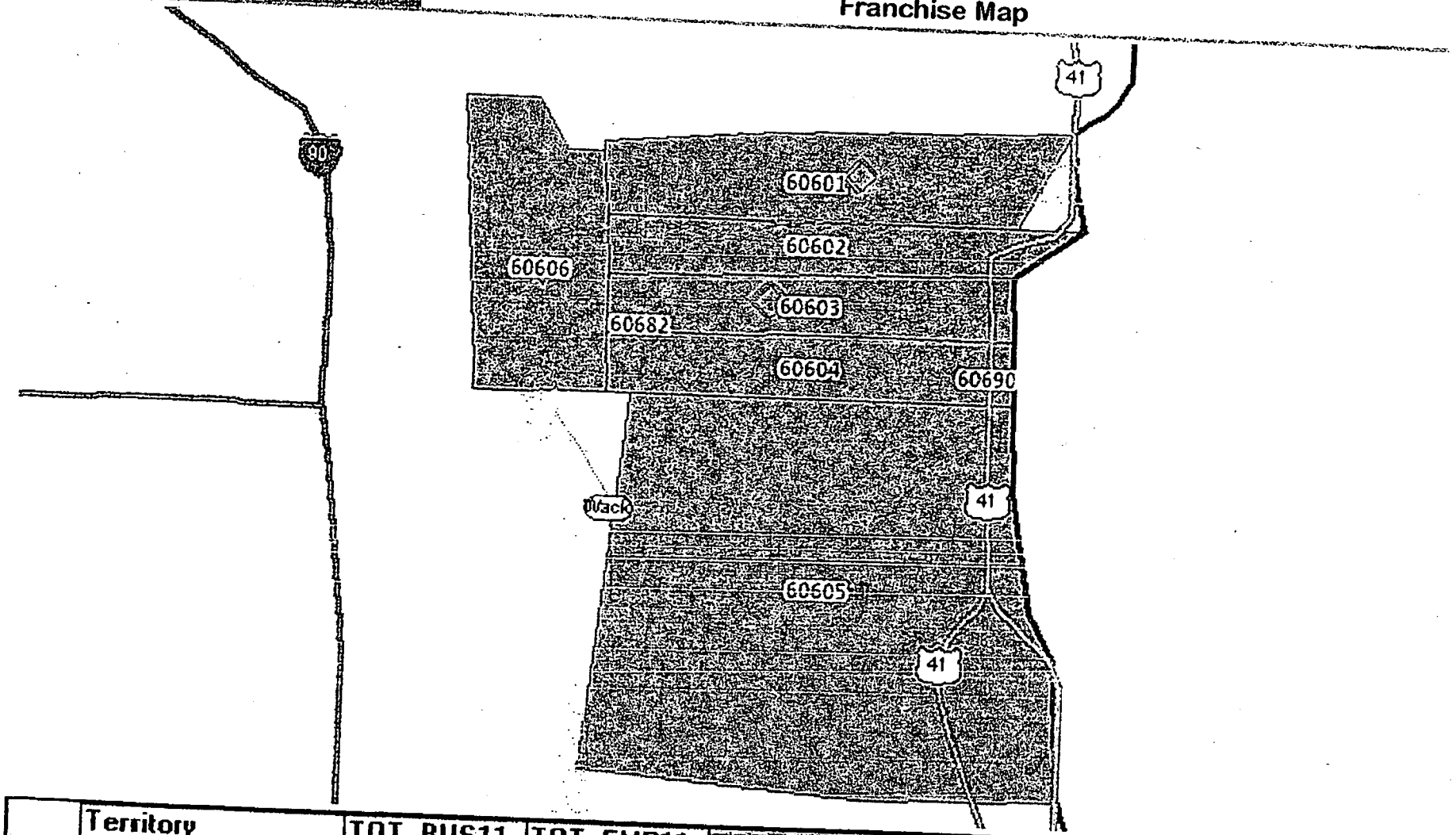
Schedule 1

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Market: 059 IL Chicago

Franchise: IL009 Chicago 60602

Franchise Map



Territory	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
IL009 Chicago 60602	18,837	287,146	6,550	262,696	8,687	143,234

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059 IL Chicago South

Franchise ID: IL009 Chicago 60602

06/18/13

Franchise	2011 Total Businesses	2011 Total Employees	2011 Targeted Businesses	2011 Targeted Employees	2011 Select SIC Businesses	2011 Select SIC Employees
IL009 Chicago 60602	18,837	287,146	6,550	262,696	8,687	143,234
Total	18,837	287,146	6,550	262,696	8,687	143,234



FRANCHISE	Franchise name
MARKET	Franchise market
ZIP5	USPS 5-digit zip code
ZC_LABEL	USPS zip code label
TOT BUS	2011 total business count
TOT EMP	2011 employees reported for total businesses
TGT BUS	2011 targeted businesses (having 5 or more employees)
TGT EMP	2011 employees reported within the targeted businesses
SIC BUS	2011 total businesses within select SIC categories
SIC EMP	2011 employees reported within the select SIC businesses

June 2011

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ATTACHMENT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR"), 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: _____

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
IL009 Chicago 60602	059 IL Chicago South	60601	Chicago	4,104	70,205	1,474	64,975	1,966	39,476
IL009 Chicago 60602	059 IL Chicago South	60602	Chicago	3,500	43,210	1,075	38,378	1,750	20,261
IL009 Chicago 60602	059 IL Chicago South	60603	Chicago	3,199	33,253	875	28,615	1,864	16,491
IL009 Chicago 60602	059 IL Chicago South	60604	Chicago	1,797	27,290	678	25,076	660	13,690
IL009 Chicago 60602	059 IL Chicago South	60605	Chicago	1,450	21,924	605	20,234	358	9,158
IL009 Chicago 60602	059 IL Chicago South	60606	Chicago	4,732	90,932	1,837	85,184	2,059	44,067
IL009 Chicago 60602	059 IL Chicago South	60668	CHICAGO	1	2	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60670	CHICAGO	29	71	1	15	27	54
IL009 Chicago 60602	059 IL Chicago South	60673	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60675	CHICAGO	1	2	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60678	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60682	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60684	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60685	CHICAGO	2	4	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60687	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60690	CHICAGO	20	71	3	37	3	37
IL009 Chicago 60602	059 IL Chicago South	60691	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60693	CHICAGO	1	175	1	175	0	0
IL009 Chicago 60602	059 IL Chicago South	60694	CHICAGO	0	0	0	0	0	0
IL009 Chicago 60602	059 IL Chicago South	60697	CHICAGO	1	7	1	7	0	0

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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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ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 15 day of June, 2013, by and between Franchisee (d/b/a an ARCpoint Franchise), the below named Individual and ARCpoint Franchise Group, LLC ("Franchisor" or "Company").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated June 25, 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.

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. No Harmful Acts

a) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, do or perform any act injurious or prejudicial to Franchisee or Franchisor.

4. Non-Diversion

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee to any Competitive Business within the United States, by direct or indirect inducement or otherwise.

b) Post-Term. 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, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, divert or attempt to divert any business or customer of Franchisee to any Competitive Business.

5. Non-Competition

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, engage in any Competitive Business anywhere in the United States without the express written Consent of Franchisor.

b) Post-Term. For a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor.

6. Non-Solicitation

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within the United States, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor, 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.

b) Post-Term. For a period of two (2) years after expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, within

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any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, 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.

7. **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.

8. **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.

9. **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 any 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 Franchisor and Franchisee, their affiliates, subsidiaries, successors and assigns.

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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.

IN WITNESS WHEREOF, Franchisee, Individual, and Franchisor have 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.

INDIVIDUAL: Neil Seltz

Signature: _____

Printed: Neil Seltz

INDIVIDUAL: Lesly Datlow

Signature: _____

Printed Name: Lesly Datlow

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: _____

Title: CEO

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ATTACHMENT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 25th day of June, 2013, by the below named Guarantor(s).

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 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 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

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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

Neil Seltz
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter
Breckenridge, CO 80424

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Lesly Datlow
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter
Breckenridge, CO 80424

TELEPHONE NO.: 312 2171197
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: (cx) %

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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ATTACHMENT 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: Neil Seltz
Position/Title: owner
Home Address: 56 Carter
Breckenridge, CO 80424

Telephone No.:
E-mail address:
Percentage of ownership: _____%

Name: Lesly Datlow
Position/Title: owner
Home Address: 56 Carter
Breckenridge, CO 80424

Telephone No.:
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.:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 15th day of June, 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 the below named franchisee ("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:

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

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

PLAINTIFF'S EXHIBIT 11

ALL-STATE® INTERNATIONAL

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"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;

"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 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;

"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" (stylized trademark application filed 4-9-12), and such other trade names, trademarks, service marks, trade dress, designs,

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graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National/Regional/State ("NRS") Accounts" refers to certain clients that meet specific criteria detailed in the Operations Manual. The minimum requirement, and baseline definition of this type of account is: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. The multiple locations could all be inside the boundaries of one or more territories you own, or both inside and outside of one or more territories you own, which may or may not extend into another franchisee's territory.

"Third party administrator ("TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to employers under either a Drug-Free Workplace program or DOT guidelines. 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. TPAs are not "employers" for purposes of our definition.

"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.

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, and is able and willing to provide necessary products or services under this Agreement, subject to Franchisor's reservation of rights set forth in Section 2.5,

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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 the Schedule of Territory Zip Codes attached as Schedule 1.

Berwyn (Chicago South)

2.5 Franchisor's Rights

2.5.1 Franchisee acknowledges that if he is in default of the Franchise Agreement, or is unable or unwilling to provide necessary products or services under this Agreement, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1.1 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;

2.5.1.2 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;

2.5.1.3 service accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service these accounts;

2.5.2 Franchisor retains the right to 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:

2.5.2.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisee's 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

2.5.2.2 offer the 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.

2.5.3 Franchisor may 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;

2.5.5 Franchisor can solicit, market, advertise, and provide ARCpoint-authorized products and services to a designated National/Regional/State ("NRS") accounts whose principal residence (or

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principal business office if the client is a business entity) is located within the Protected Territory through Franchisor's TPA Program; and

2.5.6 Franchisor may engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

2.6.1 National/Regional/State ("NRS") Accounts

Franchisor reserves the right to maintain control over certain accounts designated as National/Regional/State ("NRS") Accounts, and to market directly to, solicit, and establish NRS accounts for the benefit of the entire system.

Franchisee shall notify Franchisor of any potential clients that meet the following baseline definition of an NRS account: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. These multiple locations could all be inside the boundaries of one or more territories owned by Franchisee, or both inside and outside of one or more territories owned by Franchisee, which may or may not extend into another Franchisee's territory.

Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA").

Any type of organization can be designated as an NRS account, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party administrators, or referral agencies.

2.6.2 Cross-Territorial Protocol

Franchisee has the right to pursue all potential clients within the boundaries of the Protected Territory. Should Franchisee's client have additional locations or employees located anywhere outside of the Protected Territory, Franchisee's actions regarding that client shall be governed by Franchisor's mandatory Cross-Territorial Sales Protocol, as currently written in the Operations Manual, and as modified from time to time by Franchisor.

Franchisor's Cross-Territorial Sales Protocol addresses Franchisee's 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 Affiliates, and provides, in part, the following:

2.6.2.1 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, which will only be given in extremely compelling situations.

2.6.2.2 Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Advertising done via the

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internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising.

2.6.2.3 Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11.

2.6.2.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations (or employees) outside of Franchisee's Territory, and would like you to maintain those additional locations/employees as well:

2.6.2.4.1 If the client falls under the baseline definition as set out in this Agreement, Franchisee shall notify the Franchisor immediately and Franchisor shall determine if the account shall be designated as NRS, per the criteria set out in the Operations Manual. If Franchisor designates account as NRS, the Franchisee and Franchisor shall adhere to the guidelines set out in the Operations Manual regarding account administration and revenue sharing.

2.6.2.4.2 If Franchisor does not designate the Franchisee's client as NRS, but there are client locations/employees in another franchisee's (or Affiliate's) territory, Franchisee shall give the other franchisee the first right of refusal to provide collection services for the client, and shall pay for these services the then-current, system-wide, collection fee, as set out in the Operations Manual.

2.6.2.4.3 If the other franchisee refuses to provide collection service for the client, or the client is not located within a current franchisee's territory, Franchisee has the right to seek collection services through another third party provider, however, Franchisee shall not service that client directly by traveling to the client, outside of Franchisee's territory.

2.6.2.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, from a client 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 another franchisee) Franchisee shall refer those leads to Franchisor for a determination of how the client will be serviced. Franchisee shall not be entitled to compensation for leads outside of Franchisee's Territory.

2.6.2.6 If Franchisee establishes a relationship with a client inside Franchisee's Territory, which has additional locations/employees outside of the Protected Territory, which are not currently located inside another franchisee's Territory (non-protected Territory), and has been determined by Franchisor not fall under the NRS program, if in the future, the non-protected Territory is sold to a franchisee, the protocol for dealing with those particular locations/employees shall change accordingly. Once sold, Franchisor reserves the right to determine all issues with regard to the status of business inside that Territory, with input from the ARCpoint National Franchisee Advisory Council ("NAC"). Franchisee may be granted a share of the revenue, all of the revenue, or none of the revenue.

2.6.3 If at any point a disagreement between you and another franchisee occurs that cannot be resolved without outside assistance, the ARCpoint National Franchise Advisory Council ("NAC") will be asked to assess the situation and to provide input to us for resolution. 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 NAC, and the matter is approved by a majority vote, it

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will be fully binding on you. We have the right to change, dissolve, or merge the Council.

3. FRANCHISE FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of FORTY-FIVE THOUSAND DOLLARS ($ 45,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. 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 for a single territory 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 Franchise Fee- Multiple Territories

A Franchisee who purchases multiple franchise territories at the same time and enters into a Multi-Unit Executive Development Addendum ("MUEDA") (Attachment E), shall pay franchise fees as follows:

(a) First territory	$45,000
(b) Second territory	$40,000
(c) Third territory	$35,000
(d) Fourth+ territories	$30,000

3.3 Initial Training Fees

Franchisee shall pay a one-time initial training fee of $12,500. Franchisees acquiring multiple territories at the same time shall not pay initial training fees contained in other Franchise Agreements signed under the current Multi-Unit Executive Development Addendum. The initial training fee covers all required training for both Franchisee/Designated Manager and one employee. Franchisee shall pay additional fees for training any and all additional employees, for any location established under the current Franchise Agreement or any Franchise Agreement signed under the current Multi-Unit Executive Development Agreement.

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

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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 receive all royalty payments via electronic transfer, as set forth in Section 3.8, on the 10th of each month. 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 receive all Ad Fund Fees via electronic transfer, as set forth in Section 3.8. 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 an on-going Local Advertising and Marketing Investment Program. This program begins with an Initial Launch Period lasting from just before the business opens, through the first year of operation, wherein you will be required to spend approximately $20,000 for the Program. Of the $20,000, $7,500 will be paid directly to Franchisor to pay specific mandatory expenditures on Franchisee's behalf, with the remainder of $12,500 to be expended directly by Franchisee, at Franchisor's direction, at various times throughout this period, for specific mandatory expenses.

Beginning in the thirteenth (13th) month of operations, through the end of the franchise term, Franchisee shall be required to expend 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 an initial Technology Fee of $1,500 and 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 back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

Both Franchisee and Franchisor shall each pay all Federal, State, and other taxes as they are legally bound to do.

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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 Agreement at the expiration of its term and successive Franchise Agreements at the end of their terms, subject to the terms and conditions to qualify for a renewal in future Franchise Agreements. Presently, 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;

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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, (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, initial advertising start-up fees, initial training fee, technology set-up fee (other than the actual costs of any changes to technology), and any other initial fees that Franchisor deems unnecessary for an existing Franchisee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current training qualifications for a new franchisee, except that Franchisee shall not pay any fees associated with this training other than travel expenses and any actual costs Franchisor realizes for the training; 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;

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

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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;

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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 required 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 do all things necessary, as detailed in the Operations Manual, to hire and train the personnel necessary or required for the operation of the Franchised Business, purchase the necessary supplies and equipment, buy the necessary licenses, and otherwise prepare the business for opening;

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.

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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.

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

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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 Franchisor. 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.

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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

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.

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 in the United States.

7.3.2 Do or perform any other act injurious or prejudicial to Franchisor; or

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7.3.3 Engage in any Competitive Business anywhere in the United States without the express written consent of Franchisor; or

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

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 Attachment 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.

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's training fee includes all required training for Franchisee/Designated Manager and one employee. Additional expenses apply for additional employees. 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, Advanced Regulatory Training ("ARC"), corporate wellness program, marketing, sales, legal and compliance issues, and accounting, and on-the-job training at Franchisee's business location. Franchisor reserves the right to deliver all training (other than on-the-job training) via inter-active, web-based, or video-based methods.

Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and up to 5 optional days of real-time observation and learning at are held at Affiliate, ARCpoint Labs of Greenville, or an approved franchise location. Franchisee is solely responsible for all training fees and costs for additional employees at the noted rates, and travel costs and living expenses for Franchisee and Franchisee's employee.

Training is completed in 5 phases, and must be completed to Franchisor's satisfaction: 1) Opening Training (approximately 3 hours) - begins within 10 days of signing the Franchise Agreement,

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provides Franchisee, via telephone, email, and various other online resources, information and assistance with site selection, and various other instructions on business set-up including access to the Operations Manual, 2) ARCpoint Video Training Series (approximately 14 hours) – instruction and examination regarding drug, alcohol, and DNA testing and collection procedures and the methodologies involved in each, 3) ARCpoint University – (approximately 40 hours) takes place at Franchisor headquarters and includes live instruction on all remaining material aspects of operating the franchised business, including clinical testing, corporate wellness program, marketing, sales, legal and compliance issues, and accounting. Franchisee must satisfactorily complete this portion of the training no more than 2 to 4 weeks prior to opening your franchised business, 4) ARC Training (approximately 12 hours) – The Advanced Regulatory Compliance training covers: 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 Department of Transportation ("DOT") audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours-of-service requirements for FMCSA. The timing for beginning this training depends on both Franchisee's comfort level and readiness to move forward in this area, and Franchisor's assessment of Franchisee's readiness. Once Franchisee satisfactorily completes the ARC program to become ARCpoint-certified Franchisee shall be permitted to perform any of the covered services, and train all additional Franchisee employees in these areas of regulatory compliance, 5) On-the-job Training (approximately 40 hours) – One member each, from Franchisor's operations and sales teams, or a select mentor franchisee, will visit Franchisee's location, within approximately three months of Franchisee's business opening, at a mutually-agreeable time, to focus on operational organization and sales approach. The Operations visit covers 16 hours of training over the course of 2 days and the Sales visit covers 24 hours of training over the course of 3 days. Prior to the operations visit, Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Franchisee shall reimburse Franchisor for any direct costs and expenses incurred by Franchisor at the point of cancellation, if Franchisee unilaterally cancels or re-schedules this training. Franchisee shall also pay the noted hourly rate, during any on-the-job training, in which Franchisor's services are requested or utilized for more than the number of hours included in the training fee.

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.

8.3 **Additional Assistance**

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Should Franchisee request additional on-site assistance, or assistance other than the training, 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 the noted rate.

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. For a multiple territory purchase pursuant to a MUEDA, Franchisor shall refund 15% of the initial Franchise Fee paid on the second and subsequent territories. 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.

8.6 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 I 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

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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.

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.

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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.

(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, 2012, the Ad Fund spent 18% of its income on the production of advertisements and other promotional materials, 28% for sales support, subscriptions, and media placement, 52% for technology and software services, and 2% 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

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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) Franchisor has formed a National Franchisee Advisory Council ("NAC") 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 an on-going Local Advertising and Marketing Investment Program, beginning just prior to Franchisee's business opening. This program is divided into an Initial Launch Period lasting through Franchisee's first year of operation, followed by Required and Perpetual Monthly Expenditures.

Initial Launch Period - begins just prior to business opening and lasting through Franchisee's first year of operation, wherein Franchisee shall invest a total of approximately $20,000. This investment will be administered as follows:

Franchisee shall pay directly to Franchisor, within 10 days after signing the Franchise Agreement, the amount of $7,500, to be dispersed by Franchisor to pay specific mandatory expenditures on Franchisee's behalf.

The remainder of Franchisee's required initial expenditure, in the approximate amount of $12,500, shall be expended directly by Franchisee at Franchisor's direction, at various times throughout the Initial Launch Period, for specific mandatory advertising and marketing expenses.

Franchisee shall be required to sign contracts with certain approved vendors and pay them directly, but, at Franchisor's direction, Franchisee shall remit payment to Franchisor for any and all expenditures that vendors require Franchisor to pay directly

Required and Perpetual Monthly Expenditures - Beginning in the thirteenth (13th) month of Franchisee's operations, through the end of Franchisee's term, Franchisee shall expend a minimum of $750 per month toward local marketing, advertising and promotion as described below. Franchisee shall, at Franchisor's direction, continue many of the expenditures from the initial launch period, with the same vendors, in addition to other local vendors Franchisee may choose and which Franchisor may approve.

Franchisor reserves the right to collect the required minimum monthly

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expenditure of $750 from, and implement for, Franchisee, a local advertising plan, or collect this expenditure from Franchisee and contribute it to the Ad Fund with no credit given Franchisee toward Franchisee's required monthly payment to that fund.

All local advertising shall be conducted in the manner, style, media, and format, conforming to our Brand Standards, and shall be approved in advance by Franchisor as set out in the Operations Manual. Franchisor shall provide Franchisee access to all advertising and marketing materials, assist in tailoring those products to Franchisee's business needs, and provide guidance in Franchisee's local advertising program. Franchisee shall not utilize advertising materials or venues unless first approved by Franchisor, in writing. Franchisor shall retain property right in all Copyrights in any and all promotional materials that Franchisee develops, or are developed for Franchisee.

Franchisee shall engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities as prescribed by Franchisor, by the approved vendor, or 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, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

Franchisee must account to Franchisor, in any manner prescribed, 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.

Local advertising, marketing, and promotion expenses shall include only those out-of-pocket costs directly associated with the pre-approved development, production, placement, procurement of printed materials or advertising space or time dispersed or disseminated in by Franchisee in Franchisee's Protected Territory in this Franchise Agreement. 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 shall also be included as out-of-pocket costs. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

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

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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 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

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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 (10^{th}) 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 (11^{th}) 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 Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's current or prospective lenders or investors. 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

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financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall, at all times, 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 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 first approved.

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13.1.2 Franchisor shall provide Franchisee, in the Operations Manual, or other written 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 provide that supplier with Franchisor's contact information to enable vendor to furnish Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Operations Manual, to determine whether the product complies with standards and specifications, or whether the supplier meets its Approved Supplier criteria. 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.

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 (via email is allowed) 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

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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 Operations 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 ownership and 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 as outlines in the Operations Manual or other written communications. 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. Franchisor reserves the right to suspended Franchisee's email upon default under any provision herein.

13.11 National/Regional/State ("NRS") Accounts

Franchisor shall have the right to designate certain of Franchisee's clients as NRS accounts, if they meet specific criteria detailed in the Operations Manual. Franchisor shall further evaluate a client account for NRS designation if it first meets a specific baseline definition: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. Franchisor's Operations Manual provides additional examples and definitions of an NRS account.

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Franchisee shall notify Franchisor of all potential clients that fall meet the baseline definition of a NRS account. Franchisor shall further analyze the account, per the criteria in the Operations Manual, to determine if the account will be designated NRS. Franchisor shall administer all NRS accounts through the Third Party Administrator ("TPA") program as further set out in the Operations Manual.

Franchisor reserves the right to market directly to, solicit, and establish NRS accounts for the benefit of the entire system, no matter the location, provided the account meets the criteria as set out in the Operations Manual.

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. Franchisee must also require any physicians and/or other health care providers, that provide services to the franchised business, and who are required by law to carry medical malpractice insurance, to provide Franchisee with written documentation of their current medical malpractice insurance coverage. Franchisee shall furnish this documentation to Franchisor, upon demand.

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;

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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.

14.2 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, copies of their insurance policies 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

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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 Attachment 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

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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;

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

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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 affected 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

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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 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 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:

16.2.2.1 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor; or

16.2.2.2 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to compete against or terminate or modify her, his or its employment or business relationship with 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 Attachment 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

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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, 16.2, or Attachment B. 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,

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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:

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;

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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;

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;

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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,

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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 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

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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.

19. BENEFICIAL OWNERS OF FRANCHISEE

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

20. RELATIONSHIP AND INDEMNIFICATION

20.1 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.

20.2 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.

20.3 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,

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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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding 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.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 16 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

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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 22.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

21.3 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

21.4 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.

21.5 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.

21.6 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.

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21.7 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.

21.8 Severability and Modification

21.8.1 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.

21.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 16 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.

21.9 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.

21.10 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.

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21.11 Timing

Time is of the essence. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

22. DISPUTE RESOLUTION

22.1 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.

22.2 Venue

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought, if at all, solely 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. Franchisor may also bring claims for injunctive relief against the Franchisee 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.

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 against the other.

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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, to any other agreements between the parties, or with regard to any of the dealings 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 ("AAA") then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the AAA 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.

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

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

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Miranda

Title: CEO

FRANCHISEE: Neil Seltz

Signed: _____

Name printed: Neil Seltz

Address: 56 Carter

Breckenridge, CO 80424

FRANCHISEE: Lesly Datlow

Signed: _____

Name printed: Leslie Datlaw

Address: 56 Carter

Breckenridge, CO 80424

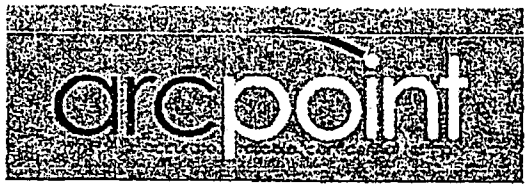
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Schedule 1

Schedule of Territory Zip Codes

The Protected Territory is defined as including the following zip codes:

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059 IL South Chicago

Franchise ID: IL006 Berwyn

04/15/13

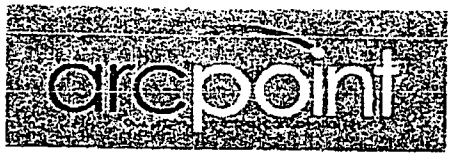
Franchise	2011 Total Businesses	2011 Total Employees	2011 Targeted Businesses	2011 Targeted Employees	2011 Select SIC Businesses	2011 Select SIC Employees
IL006 Berwyn	14,316	183,571	5,559	166,073	3,018	97,672
Total	14,316	183,571	5,559	166,073	3,018	97,672

ROA 0762

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FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
IL006 Berwyn	059 IL Chicago South	60304	Oak Park	567	5,279	169	4,485	127	2,685
IL006 Berwyn	059 IL Chicago South	60402	Berwyn	1,424	13,287	479	11,397	264	5,891
IL006 Berwyn	059 IL Chicago South	60459	Burbank	566	6,886	222	6,198	93	2,483
IL006 Berwyn	059 IL Chicago South	60499	BEDFORD PARK	4	26	2	22	1	15
IL006 Berwyn	059 IL Chicago South	60501	Summit Argo	416	6,341	170	5,849	86	3,595
IL006 Berwyn	059 IL Chicago South	60525	La Grange	1,809	27,268	759	25,170	442	14,840
IL006 Berwyn	059 IL Chicago South	60534	Lyons	376	3,847	159	3,413	86	2,056
IL006 Berwyn	059 IL Chicago South	60558	Western Springs	352	3,198	130	2,754	85	1,575
IL006 Berwyn	059 IL Chicago South	60623	Chicago	1,703	18,006	588	15,776	326	10,980
IL006 Berwyn	059 IL Chicago South	60629	Chicago	1,463	13,256	477	11,290	239	5,550
IL006 Berwyn	059 IL Chicago South	60632	Chicago	1,726	26,883	734	24,903	381	13,919
IL006 Berwyn	059 IL Chicago South	60638	Chicago	1,620	29,873	752	28,137	429	17,659
IL006 Berwyn	059 IL Chicago South	60652	Chicago	745	8,204	326	7,366	139	3,686
IL006 Berwyn	059 IL Chicago South	60804	Cicero	1,545	21,217	592	19,313	320	12,738

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FRANCHISE	Franchise name
MARKET	Franchise market
ZIP5	USPS 5-digit zip code
ZC_LABEL	USPS zip code label
TOT_BUS	2011 total business count
TOT_EMP	2011 employees reported for total businesses
TGT_BUS	2011 targeted businesses (having 5 or more employees)
TGT_EMP	2011 employees reported within the targeted businesses
SIC_BUS	2011 total businesses within select SIC categories
SIC_EMP	2011 employees reported within the select SIC businesses

June 2011

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ATTACHMENT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR"), 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:_____

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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ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 5th day of June, 2013, by and between Franchisee (d/b/a an ARCpoint Franchise), the below named Individual and ARCpoint Franchise Group, LLC ("Franchisor" or "Company").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated June 25, 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.

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. No Harmful Acts

a) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, do or perform any act injurious or prejudicial to Franchisee or Franchisor.

4. Non-Diversion

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee to any Competitive Business within the United States, by direct or indirect inducement or otherwise.

b) Post-Term. 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, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, divert or attempt to divert any business or customer of Franchisee to any Competitive Business.

5. Non-Competition

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, engage in any Competitive Business anywhere in the United States without the express written Consent of Franchisor.

b) Post-Term. For a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor.

6. Non-Solicitation

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within the United States, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor, 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.

b) Post-Term. For a period of two (2) years after expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, within

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any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, 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.

7. **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.

8. **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.

9. **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 any 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 Franchisor and Franchisee, their affiliates, subsidiaries, successors and assigns.

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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.

IN WITNESS WHEREOF, Franchisee, Individual, and Franchisor have 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.

INDIVIDUAL: Neil Seltz

Signature:_____

Printed: Neil Seltz

INDIVIDUAL: Lesly Datlow

Signature:_____

Printed Name: Lesly Datlow

ARCPOINT FRANCHISE GROUP, LLC

By:_____

Name: Felix Miranda

Title: CEO

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ATTACHMENT 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 the below named Guarantor(s).

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 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 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

Neil Seltz
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter
Breckenridge, CO 80424

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Lesly Datlow
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter
Breckenridge, CO 80424

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: 50 %

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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ATTACHMENT 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: Neil Seltz
Position/Title: owner
Home Address: 56 Carter
Breckenridge, CO 80424

Telephone No.:
E-mail address:
Percentage of ownership: ____%

Name: Lesly Datlow
Position/Title: owner
Home Address: 56 Carter
Breckenridge, CO 80424

Telephone No.:
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.:

Name:
Position/Title:
Home Address:

Telephone No.:

ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 25 day of June, 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 the below named franchisee_ ("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:

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

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

PLAINTIFF'S EXHIBIT 12 ALL-STATE® INTERNATIONAL

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"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;

"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;

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"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

"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" (stylized trademark application filed 4-9-12), and such other trade names, trademarks, service marks, trade dress, designs,

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graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National/Regional/State ("NRS") Accounts" refers to certain clients that meet specific criteria detailed in the Operations Manual. The minimum requirement, and baseline definition of this type of account is: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. The multiple locations could all be inside the boundaries of one or more territories you own, or both inside and outside of one or more territories you own, which may or may not extend into another franchisee's territory.

"Third party administrator ("TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to employers under either a Drug-Free Workplace program or DOT guidelines. 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. TPAs are not "employers" for purposes of our definition.

"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.

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, and is able and willing to provide necessary products or services under this Agreement, subject to Franchisor's reservation of rights set forth in Section 2.5,

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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 the Schedule of Territory Zip Codes attached as Schedule 1.

Des Plaines (Chicago North)

2.5 Franchisor's Rights

2.5.1 Franchisee acknowledges that if he is in default of the Franchise Agreement, or is unable or unwilling to provide necessary products or services under this Agreement, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1.1 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;

2.5.1.2 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;

2.5.1.3 service accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service these accounts;

2.5.2 Franchisor retains the right to 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:

2.5.2.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisee's 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

2.5.2.2 offer the 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.

2.5.3 Franchisor may 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;

2.5.5 Franchisor can solicit, market, advertise, and provide ARCpoint-authorized products and services to a designated National/Regional/State ("NRS") accounts whose principal residence (or

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principal business office if the client is a business entity) is located within the Protected Territory through Franchisor's TPA Program; and

2.5.6 Franchisor may engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

2.6.1 National/Regional/State ("NRS") Accounts

Franchisor reserves the right to maintain control over certain accounts designated as National/Regional/State ("NRS") Accounts, and to market directly to, solicit, and establish NRS accounts for the benefit of the entire system.

Franchisee shall notify Franchisor of any potential clients that meet the following baseline definition of an NRS account: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. These multiple locations could all be inside the boundaries of one or more territories owned by Franchisee, or both inside and outside of one or more territories owned by Franchisee, which may or may not extend into another Franchisee's territory.

Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA").

Any type of organization can be designated as an NRS account, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party administrators, or referral agencies.

2.6.2 Cross-Territorial Protocol

Franchisee has the right to pursue all potential clients within the boundaries of the Protected Territory. Should Franchisee's client have additional locations or employees located anywhere outside of the Protected Territory, Franchisee's actions regarding that client shall be governed by Franchisor's mandatory Cross-Territorial Sales Protocol, as currently written in the Operations Manual, and as modified from time to time by Franchisor.

Franchisor's Cross-Territorial Sales Protocol addresses Franchisee's 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 Affiliates, and provides, in part, the following:

2.6.2.1 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, which will only be given in extremely compelling situations.

2.6.2.2 Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Advertising done via the

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internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising.

2.6.2.3 Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11.

2.6.2.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations (or employees) outside of Franchisee's Territory, and would like you to maintain those additional locations/employees as well:

2.6.2.4.1 If the client falls under the baseline definition as set out in this Agreement, Franchisee shall notify the Franchisor immediately and Franchisor shall determine if the account shall be designated as NRS, per the criteria set out in the Operations Manual. If Franchisor designates account as NRS, the Franchisee and Franchisor shall adhere to the guidelines set out in the Operations Manual regarding account administration and revenue sharing.

2.6.2.4.2 If Franchisor does not designate the Franchisee's client as NRS, but there are client locations/employees in another franchisee's (or Affiliate's) territory, Franchisee shall give the other franchisee the first right of refusal to provide collection services for the client, and shall pay for these services the then-current, system-wide, collection fee, as set out in the Operations Manual.

2.6.2.4.3 If the other franchisee refuses to provide collection service for the client, or the client is not located within a current franchisee's territory, Franchisee has the right to seek collection services through another third party provider, however, Franchisee shall not service that client directly by traveling to the client, outside of Franchisee's territory.

2.6.2.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, from a client 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 another franchisee) Franchisee shall refer those leads to Franchisor for a determination of how the client will be serviced. Franchisee shall not be entitled to compensation for leads outside of Franchisee's Territory.

2.6.2.6 If Franchisee establishes a relationship with a client inside Franchisee's Territory, which has additional locations/employees outside of the Protected Territory, which are not currently located inside another franchisee's Territory (non-protected Territory), and has been determined by Franchisor not fall under the NRS program, if in the future, the non-protected Territory is sold to a franchisee, the protocol for dealing with those particular locations/employees shall change accordingly. Once sold, Franchisor reserves the right to determine all issues with regard to the status of business inside that Territory, with input from the ARCpoint National Franchisee Advisory Council ("NAC"). Franchisee may be granted a share of the revenue, all of the revenue, or none of the revenue.

2.6.3 If at any point a disagreement between you and another franchisee occurs that cannot be resolved without outside assistance, the ARCpoint National Franchise Advisory Council ("NAC") will be asked to assess the situation and to provide input to us for resolution. 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 NAC, and the matter is approved by a majority vote, it

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will be fully binding on you. We have the right to change, dissolve, or merge the Council.

3. FRANCHISE FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of FORTY THOUSAND DOLLARS ($ 40,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. 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 for a single territory 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 Franchise Fee- Multiple Territories

A Franchisee who purchases multiple franchise territories at the same time and enters into a Multi-Unit Executive Development Addendum ("MUEDA") (Attachment E), shall pay franchise fees as follows:

(a) First territory	$45,000
(b) Second territory	$40,000
(c) Third territory	$35,000
(d) Fourth+ territories	$30,000

3.3 Initial Training Fees

Franchisee shall pay a one-time initial training fee of $12,500. Franchisees acquiring multiple territories at the same time shall not pay initial training fees contained in other Franchise Agreements signed under the current Multi-Unit Executive Development Addendum. The initial training fee covers all required training for both Franchisee/Designated Manager and one employee. Franchisee shall pay additional fees for training any and all additional employees, for any location established under the current Franchise Agreement or any Franchise Agreement signed under the current Multi-Unit Executive Development Agreement.

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

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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 receive all royalty payments via electronic transfer, as set forth in Section 3.8, on the 10th of each month. 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 receive all Ad Fund Fees via electronic transfer, as set forth in Section 3.8. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

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3.6 Local Advertising and Marketing Investment Program

Franchisee shall participate in an on-going Local Advertising and Marketing Investment Program. This program begins with an Initial Launch Period lasting from just before the business opens, through the first year of operation, wherein you will be required to spend approximately $20,000 for the Program. Of the $20,000, $7,500 will be paid directly to Franchisor to pay specific mandatory expenditures on Franchisee's behalf, with the remainder of $12,500 to be expended directly by Franchisee, at Franchisor's direction, at various times throughout this period, for specific mandatory expenses.

Beginning in the thirteenth (13th) month of operations, through the end of the franchise term, Franchisee shall be required to expend 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 an initial Technology Fee of $1,500 and 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 back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

Both Franchisee and Franchisor shall each pay all Federal, State, and other taxes as they are legally bound to do.

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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 Agreement at the expiration of its term and successive Franchise Agreements at the end of their terms, subject to the terms and conditions to qualify for a renewal in future Franchise Agreements. Presently, 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;

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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, (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, initial advertising start-up fees, initial training fee, technology set-up fee (other than the actual costs of any changes to technology), and any other initial fees that Franchisor deems unnecessary for an existing Franchisee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current training qualifications for a new franchisee, except that Franchisee shall not pay any fees associated with this training other than travel expenses and any actual costs Franchisor realizes for the training; 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

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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;

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

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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;

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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 required 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 do all things necessary, as detailed in the Operations Manual, to hire and train the personnel necessary or required for the operation of the Franchised Business, purchase the necessary supplies and equipment, buy the necessary licenses, and otherwise prepare the business for opening;

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.

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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.

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

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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 Franchisor. 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.

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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

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

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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 in the United States.

7.3.2 Do or perform any other act injurious or prejudicial to Franchisor; or

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

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 Attachment 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.

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's training fee includes all required training for Franchisee/Designated Manager and one employee. Additional expenses apply for additional employees. 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, Advanced Regulatory Training ("ARC"), corporate wellness program, marketing, sales, legal and compliance issues, and accounting, and on-the-job training at Franchisee's business location. Franchisor reserves the right to deliver all training (other than on-the-job training) via inter-active, web-based, or video-based methods.

Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and up to 5 optional days of real-time observation and learning at are held at Affiliate, ARCpoint Labs of Greenville, or an approved franchise location. Franchisee is solely responsible for all training fees and costs for additional employees at the noted rates, and travel costs and living expenses for Franchisee and Franchisee's employee.

Training is completed in 5 phases, and must be completed to Franchisor's satisfaction: 1) Opening Training (approximately 3 hours) - begins within 10 days of signing the Franchise Agreement,

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provides Franchisee, via telephone, email, and various other online resources, information and assistance with site selection, and various other instructions on business set-up including access to the Operations Manual, 2) ARCpoint Video Training Series (approximately 14 hours) – instruction and examination regarding drug, alcohol, and DNA testing and collection procedures and the methodologies involved in each, 3) ARCpoint University – (approximately 40 hours) takes place at Franchisor headquarters and includes live instruction on all remaining material aspects of operating the franchised business, including clinical testing, corporate wellness program, marketing, sales, legal and compliance issues, and accounting. Franchisee must satisfactorily complete this portion of the training no more than 2 to 4 weeks prior to opening your franchised business, 4) ARC Training (approximately 12 hours) – The Advanced Regulatory Compliance training covers: 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 Department of Transportation ("DOT") audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours-of-service requirements for FMCSA. The timing for beginning this training depends on both Franchisee's comfort level and readiness to move forward in this area, and Franchisor's assessment of Franchisee's readiness. Once Franchisee satisfactorily completes the ARC program to become ARCpoint-certified Franchisee shall be permitted to perform any of the covered services, and train all additional Franchisee employees in these areas of regulatory compliance, 5) On-the-job Training (approximately 40 hours) – One member each, from Franchisor's operations and sales teams, or a select mentor franchisee, will visit Franchisee's location, within approximately three months of Franchisee's business opening, at a mutually-agreeable time, to focus on operational organization and sales approach. The Operations visit covers 16 hours of training over the course of 2 days and the Sales visit covers 24 hours of training over the course of 3 days. Prior to the operations visit, Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Franchisee shall reimburse Franchisor for any direct costs and expenses incurred by Franchisor at the point of cancellation, if Franchisee unilaterally cancels or re-schedules this training. Franchisee shall also pay the noted hourly rate, during any on-the-job training, in which Franchisor's services are requested or utilized for more than the number of hours included in the training fee.

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.

8.3 Additional Assistance

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Should Franchisee request additional on-site assistance, or assistance other than the training, 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 the noted rate.

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. For a multiple territory purchase pursuant to a MUEDA, Franchisor shall refund 15% of the initial Franchise Fee paid on the second and subsequent territories. 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.

8.6 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 I 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

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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.

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.

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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

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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, 2012, the Ad Fund spent 18% of its income on the production of advertisements and other promotional materials, 28% for sales support, subscriptions, and media placement, 52% for technology and software services, and 2% 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

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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) Franchisor has formed a National Franchisee Advisory Council ("NAC") 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 an on-going Local Advertising and Marketing Investment Program, beginning just prior to Franchisee's business opening. This program is divided into an Initial Launch Period lasting through Franchisee's first year of operation, followed by Required and Perpetual Monthly Expenditures.

Initial Launch Period - begins just prior to business opening and lasting through Franchisee's first year of operation, wherein Franchisee shall invest a total of approximately $20,000. This investment will be administered as follows:

Franchisee shall pay directly to Franchisor, within 10 days after signing the Franchise Agreement, the amount of $7,500, to be dispersed by Franchisor to pay specific mandatory expenditures on Franchisee's behalf.

The remainder of Franchisee's required initial expenditure, in the approximate amount of $12,500, shall be expended directly by Franchisee at Franchisor's direction, at various times throughout the Initial Launch Period, for specific mandatory advertising and marketing expenses.

Franchisee shall be required to sign contracts with certain approved vendors and pay them directly, but, at Franchisor's direction, Franchisee shall remit payment to Franchisor for any and all expenditures that vendors require Franchisor to pay directly

Required and Perpetual Monthly Expenditures - Beginning in the thirteenth (13th) month of Franchisee's operations, through the end of Franchisee's term, Franchisee shall expend a minimum of $750 per month toward local marketing, advertising and promotion as described below. Franchisee shall, at Franchisor's direction, continue many of the expenditures from the initial launch period, with the same vendors, in addition to other local vendors Franchisee may choose and which Franchisor may approve.

Franchisor reserves the right to collect the required minimum monthly

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expenditure of $750 from, and implement for, Franchisee, a local advertising plan, or collect this expenditure from Franchisee and contribute it to the Ad Fund with no credit given Franchisee toward Franchisee's required monthly payment to that fund.

All local advertising shall be conducted in the manner, style, media, and format, conforming to our Brand Standards, and shall be approved in advance by Franchisor as set out in the Operations Manual. Franchisor shall provide Franchisee access to all advertising and marketing materials, assist in tailoring those products to Franchisee's business needs, and provide guidance in Franchisee's local advertising program. Franchisee shall not utilize advertising materials or venues unless first approved by Franchisor, in writing. Franchisor shall retain property right in all Copyrights in any and all promotional materials that Franchisee develops, or are developed for Franchisee.

Franchisee shall engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities as prescribed by Franchisor, by the approved vendor, or 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, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

Franchisee must account to Franchisor, in any manner prescribed, 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.

Local advertising, marketing, and promotion expenses shall include only those out-of-pocket costs directly associated with the pre-approved development, production, placement, procurement of printed materials or advertising space or time dispersed or disseminated in by Franchisee in Franchisee's Protected Territory in this Franchise Agreement. 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 shall also be included as out-of-pocket costs. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

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

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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 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

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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 (10^{th}) 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 (11^{th}) 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 Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's current or prospective lenders or investors. 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

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13.1.2 Franchisor shall provide Franchisee, in the Operations 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 provide that supplier with Franchisor's contact information to enable vendor to furnish Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Operations Manual, to determine whether the product complies with standards and specifications, or whether the supplier meets its Approved Supplier criteria. 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.

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

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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 (via email is allowed) 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

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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 Operations 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 ownership and 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 as outlines in the Operations Manual or other written communications. 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. Franchisor reserves the right to suspended Franchisee's email upon default under any provision herein.

13.11 National/Regional/State ("NRS") Accounts

Franchisor shall have the right to designate certain of Franchisee's clients as NRS accounts, if they meet specific criteria detailed in the Operations Manual. Franchisor shall further evaluate a client account for NRS designation if it first meets a specific baseline definition: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. Franchisor's Operations Manual provides additional examples and definitions of an NRS account.

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Franchisee shall notify Franchisor of all potential clients that fall meet the baseline definition of a NRS account. Franchisor shall further analyze the account, per the criteria in the Operations Manual, to determine if the account will be designated NRS. Franchisor shall administer all NRS accounts through the Third Party Administrator ("TPA") program as further set out in the Operations Manual.

Franchisor reserves the right to market directly to, solicit, and establish NRS accounts for the benefit of the entire system, no matter the location, provided the account meets the criteria as set out in the Operations Manual.

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. Franchisee must also require any physicians and/or other health care providers, that provide services to the franchised business, and who are required by law to carry medical malpractice insurance, to provide Franchisee with written documentation of their current medical malpractice insurance coverage. Franchisee shall furnish this documentation to Franchisor, upon demand.

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;

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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.

14.2 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, copies of their insurance policies 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

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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 Attachment 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 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;

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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 affected 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

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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 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 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:

16.2.2.1 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor; or

16.2.2.2 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to compete against or terminate or modify her, his or its employment or business relationship with 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 Attachment 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

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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, 16.2, or Attachment B. 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,

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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:

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;

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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;

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;

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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,

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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 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

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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.

19. BENEFICIAL OWNERS OF FRANCHISEE

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

20. RELATIONSHIP AND INDEMNIFICATION

20.1 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.

20.2 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.

20.3 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,

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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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding 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.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 16 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

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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 22.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

21.3 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

21.4 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.

21.5 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.

21.6 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.

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21.7 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.

21.8 Severability and Modification

21.8.1 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.

21.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 16 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.

21.9 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.

21.10 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.

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21.11 Timing

Time is of the essence. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

22. DISPUTE RESOLUTION

22.1 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.

22.2 Venue

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought, if at all, solely 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. Franchisor may also bring claims for injunctive relief against the Franchisee 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.

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 against the other.

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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, to any other agreements between the parties, or with regard to any of the dealings 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 ("AAA") then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the AAA 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.

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

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

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Miranda

Title: CEO

FRANCHISEE: Neil Seltz

Signed: _____

Name printed: Neil Seltz

Address: 56 Carter

Breckenridge, CO 80424

FRANCHISEE: Lesly Datlow

Signed: _____

Name printed: Leslie Datlaw

Address: 56 Carter

Breckenridge, CO 80424

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Schedule 1

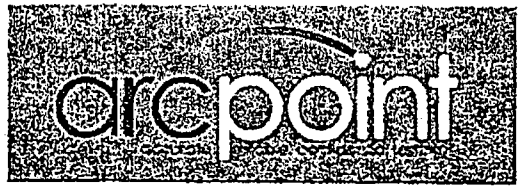
Schedule of Territory Zip Codes

The Protected Territory is defined as including the following zip codes:

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Schedule I



052 IL Chicago North

Franchise ID: IL002

03/07/12

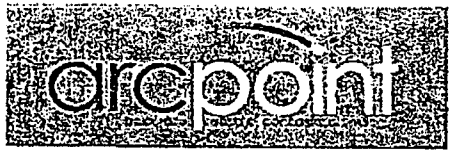
Franchise	2011 Total Businesses	2011 Total Employees	2011 Targeted Businesses	2011 Targeted Employees	2011 Select SIC Businesses	2011 Select SIC Employees
IL003 Des Plaines	12,210	184,915	5,090	170,717	2,983	97,541
Total	12,210	184,915	5,090	170,717	2,983	97,541

Schedule 7

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
IL003 Des Plaines	052 Chicago North	60004	Arlington Heights	2,140	23,693	820	21,067	491	10,343
IL003 Des Plaines	052 Chicago North	60005	Arlington Heights	2,135	29,382	888	26,894	526	16,072
IL003 Des Plaines	052 Chicago North	60006	ARLINGTON HEIGHT	9	36	2	22	2	22
IL003 Des Plaines	052 Chicago North	60016	Des Plaines	1,792	20,141	625	17,809	370	10,940
IL003 Des Plaines	052 Chicago North	60017	DES PLAINES	5	10	0	0	0	0
IL003 Des Plaines	052 Chicago North	60018	Des Plaines	2,201	50,090	1,107	47,916	604	24,014
IL003 Des Plaines	052 Chicago North	60019	DES PLAINES	0	0	0	0	0	0
IL003 Des Plaines	052 Chicago North	60056	Mount Prospect	1,756	25,876	686	23,738	410	13,237
IL003 Des Plaines	052 Chicago North	60070	Prospect Heights	443	3,171	141	2,567	76	1,728
IL003 Des Plaines	052 Chicago North	60090	Wheeling	1,729	32,516	821	30,704	504	21,185

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Schedule I



FRANCHISE	Franchise name
MARKET	Franchise market
ZIP5	USPS 5-digit zip code
ZC_LABEL	USPS zip code label
TOT_BUS	2011 total business count
TOT_EMP	2011 employees reported for total businesses
TGT_BUS	2011 targeted businesses (having 5 or more employees)
TGT_EMP	2011 employees reported within the targeted businesses
SIC_BUS	2011 total businesses within select SIC categories
SIC_EMP	2011 employees reported within the select SIC businesses

June 2011

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ATTACHMENT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR"), 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:_____

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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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ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 25th day of June, 2013, by and between Franchisee (d/b/a an ARCpoint Franchise), the below named Individual, and ARCpoint Franchise Group, LLC ("Franchisor" or "Company").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated June 25, 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.

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. No Harmful Acts

a) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, do or perform any act injurious or prejudicial to Franchisee or Franchisor.

4. Non-Diversion

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee to any Competitive Business within the United States, by direct or indirect inducement or otherwise.

b) Post-Term. 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, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, divert or attempt to divert any business or customer of Franchisee to any Competitive Business.

5. Non-Competition

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, engage in any Competitive Business anywhere in the United States without the express written Consent of Franchisor.

b) Post-Term. For a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor.

6. Non-Solicitation

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within the United States, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor, 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.

b) Post-Term. For a period of two (2) years after expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, within

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any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, 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.

7. 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.

8. 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.

9. 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 any 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 Franchisor and Franchisee, their affiliates, subsidiaries, successors and assigns.

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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.

IN WITNESS WHEREOF, Franchisee, Individual, and Franchisor have 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.

INDIVIDUAL: Neil Seltz

Signature: _____

Printed: Neil Seltz

INDIVIDUAL: Lesly Datlow

Signature: _____

Printed Name: Lesly Datlow

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Miranda

Title: CEO

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ATTACHMENT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 5th day of June, 2013, by the below named Guarantor(s).

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 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 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

Neil Seltz
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter
Breckenridge, CO 80424

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Lesly Datlow
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter
Breckenridge, CO 80424

TELEPHONE NO.: 312 217 1147
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:_____%

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ATTACHMENT 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: Neil Seltz
Position/Title: owner
Home Address: 56 Carter
Breckenridge, CO 80424

Telephone No.:
E-mail address:
Percentage of ownership: ____%

Name: Lesly Datlow
Position/Title: owner
Home Address: 56 Carter
Breckenridge, CO 80424

Telephone No.:
E-mail address:
Percentage of ownership 50 %

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.:

Name:
Position/Title:
Home Address:

Telephone No.:

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FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Disclosure Document and Franchise Agreement, made this ___ day of _____, 20___, is by and between ARCpoint Franchise Group, LLC and the below named Franchisee.

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 15 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 22.1 and 22.2 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, Section 22.4 of the Franchise Agreement and Section 13.4 of the Executive Development Agreement are 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. Section 23.6 of the Franchise Agreement is amended accordingly.

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: _____

Franchisee: _____

By: _____

Title: _____

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 17th day of Oct, 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 the below named franchisee_ ("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:

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

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

PLAINTIFF'S EXHIBIT 13 ALL-STATE® INTERNATIONAL

"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;

"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;

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"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

"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" (stylized trademark application filed 4-9-12), and such other trade names, trademarks, service marks, trade dress, designs,

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graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National/Regional/State ("NRS") Accounts" refers to certain clients that meet specific criteria detailed in the Operations Manual. The minimum requirement, and baseline definition of this type of account is: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. The multiple locations could all be inside the boundaries of one or more territories you own, or both inside and outside of one or more territories you own, which may or may not extend into another franchisee's territory.

"Third party administrator ("TPA") means a service agent that provides or coordinates one or more drug and/or alcohol testing services to employers under either a Drug-Free Workplace program or DOT guidelines. 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. TPAs are not "employers" for purposes of our definition.

"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.

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, and is able and willing to provide necessary products or services under this Agreement, subject to Franchisor's reservation of rights set forth in Section 2.5,

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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 the Schedule of Territory Zip Codes attached as Schedule 1.

Evanston (Chicago North)

2.5 Franchisor's Rights

2.5.1 Franchisee acknowledges that if he is in default of the Franchise Agreement, or is unable or unwilling to provide necessary products or services under this Agreement, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1.1 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;

2.5.1.2 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;

2.5.1.3 service accounts within your Protected Territory, or allow other ARCpoint Businesses or third parties to service these accounts;

2.5.2 Franchisor retains the right to 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:

2.5.2.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisee's 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

2.5.2.2 offer the 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.

2.5.3 Franchisor may 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;

2.5.5 Franchisor can solicit, market, advertise, and provide ARCpoint-authorized products and services to a designated National/Regional/State ("NRS") accounts whose principal residence (or

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principal business office if the client is a business entity) is located within the Protected Territory through Franchisor's TPA Program; and

2.5.6 Franchisor may engage in any activities not expressly forbidden by this Agreement.

2.6 Marketing and Solicitation Restrictions

2.6.1 National/Regional/State ("NRS") Accounts

Franchisor reserves the right to maintain control over certain accounts designated as National/Regional/State ("NRS") Accounts, and to market directly to, solicit, and establish NRS accounts for the benefit of the entire system.

Franchisee shall notify Franchisor of any potential clients that meet the following baseline definition of an NRS account: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. These multiple locations could all be inside the boundaries of one or more territories owned by Franchisee, or both inside and outside of one or more territories owned by Franchisee, which may or may not extend into another Franchisee's territory.

Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA").

Any type of organization can be designated as an NRS account, including, but not limited to, private and publicly held corporations, educational institutions, governmental agencies, non-profit organizations, other third party administrators, or referral agencies.

2.6.2 Cross-Territorial Protocol

Franchisee has the right to pursue all potential clients within the boundaries of the Protected Territory. Should Franchisee's client have additional locations or employees located anywhere outside of the Protected Territory, Franchisee's actions regarding that client shall be governed by Franchisor's mandatory Cross-Territorial Sales Protocol, as currently written in the Operations Manual, and as modified from time to time by Franchisor.

Franchisor's Cross-Territorial Sales Protocol addresses Franchisee's 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 Affiliates, and provides, in part, the following:

2.6.2.1 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, which will only be given in extremely compelling situations.

2.6.2.2 Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Advertising done via the

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internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising.

2.6.2.3 Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory. Further guidelines regarding Advertising and Marketing may be found in Item 11.

2.6.2.4 If Franchisee establishes a relationship with a customer or client within Franchisee's Territory, and that customer or client has additional locations (or employees) outside of Franchisee's Territory, and would like you to maintain those additional locations/employees as well:

2.6.2.4.1 If the client falls under the baseline definition as set out in this Agreement, Franchisee shall notify the Franchisor immediately and Franchisor shall determine if the account shall be designated as NRS, per the criteria set out in the Operations Manual. If Franchisor designates account as NRS, the Franchisee and Franchisor shall adhere to the guidelines set out in the Operations Manual regarding account administration and revenue sharing.

2.6.2.4.2 If Franchisor does not designate the Franchisee's client as NRS, but there are client locations/employees in another franchisee's (or Affiliate's) territory, Franchisee shall give the other franchisee the first right of refusal to provide collection services for the client, and shall pay for these services the then-current, system-wide, collection fee, as set out in the Operations Manual.

2.6.2.4.3 If the other franchisee refuses to provide collection service for the client, or the client is not located within a current franchisee's territory, Franchisee has the right to seek collection services through another third party provider, however, Franchisee shall not service that client directly by traveling to the client, outside of Franchisee's territory.

2.6.2.5 If Franchisee receives a lead for, or a direct request for the performance of service or sale of goods, from a client 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 another franchisee) Franchisee shall refer those leads to Franchisor for a determination of how the client will be serviced. Franchisee shall not be entitled to compensation for leads outside of Franchisee's Territory.

2.6.2.6 If Franchisee establishes a relationship with a client inside Franchisee's Territory, which has additional locations/employees outside of the Protected Territory, which are not currently located inside another franchisee's Territory (non-protected Territory), and has been determined by Franchisor not fall under the NRS program, if in the future, the non-protected Territory is sold to a franchisee, the protocol for dealing with those particular locations/employees shall change accordingly. Once sold, Franchisor reserves the right to determine all issues with regard to the status of business inside that Territory, with input from the ARCpoint National Franchisee Advisory Council ("NAC"). Franchisee may be granted a share of the revenue, all of the revenue, or none of the revenue.

2.6.3 If at any point a disagreement between you and another franchisee occurs that cannot be resolved without outside assistance, the ARCpoint National Franchise Advisory Council ("NAC") will be asked to assess the situation and to provide input to us for resolution. 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 NAC, and the matter is approved by a majority vote, it

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will be fully binding on you. We have the right to change, dissolve, or merge the Council.

3. FRANCHISE FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of THIRTY THOUSAND DOLLARS ($ 30,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.5. 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 for a single territory 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 Franchise Fee- Multiple Territories

A Franchisee who purchases multiple franchise territories at the same time and enters into a Multi-Unit Executive Development Addendum ("MUEDA") (Attachment E), shall pay franchise fees as follows:

(a) First territory	$45,000
(b) Second territory	$40,000
(c) Third territory	$35,000
(d) Fourth+ territories	$30,000

3.3 Initial Training Fees

Franchisee shall pay a one-time initial training fee of $12,500. Franchisees acquiring multiple territories at the same time shall not pay initial training fees contained in other Franchise Agreements signed under the current Multi-Unit Executive Development Addendum. The initial training fee covers all required training for both Franchisee/Designated Manager and one employee. Franchisee shall pay additional fees for training any and all additional employees, for any location established under the current Franchise Agreement or any Franchise Agreement signed under the current Multi-Unit Executive Development Agreement.

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

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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 receive all royalty payments via electronic transfer, as set forth in Section 3.8, on the 10th of each month. 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 receive all Ad Fund Fees via electronic transfer, as set forth in Section 3.8. As noted in Section 12.6 of the Franchise Agreement, Franchisee is subject to random financial audits by Franchisor.

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3.6 Local Advertising and Marketing Investment Program

Franchisee shall participate in an on-going Local Advertising and Marketing Investment Program. This program begins with an Initial Launch Period lasting from just before the business opens, through the first year of operation, wherein you will be required to spend approximately $20,000 for the Program. Of the $20,000, $7,500 will be paid directly to Franchisor to pay specific mandatory expenditures on Franchisee's behalf, with the remainder of $12,500 to be expended directly by Franchisee, at Franchisor's direction, at various times throughout this period, for specific mandatory expenses.

Beginning in the thirteenth (13th) month of operations, through the end of the franchise term, Franchisee shall be required to expend 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 an initial Technology Fee of $1,500 and 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 back to Franchisee. Once established, Franchisee shall not disallow any required monthly payments to Franchisor, without Franchisor's written consent.

3.9 Taxes

Both Franchisee and Franchisor shall each pay all Federal, State, and other taxes as they are legally bound to do.

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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 Agreement at the expiration of its term and successive Franchise Agreements at the end of their terms, subject to the terms and conditions to qualify for a renewal in future Franchise Agreements. Presently, 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;

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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, (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, initial advertising start-up fees, initial training fee, technology set-up fee (other than the actual costs of any changes to technology), and any other initial fees that Franchisor deems unnecessary for an existing Franchisee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current training qualifications for a new franchisee, except that Franchisee shall not pay any fees associated with this training other than travel expenses and any actual costs Franchisor realizes for the training; 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

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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;

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

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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;

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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 required 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 do all things necessary, as detailed in the Operations Manual, to hire and train the personnel necessary or required for the operation of the Franchised Business, purchase the necessary supplies and equipment, buy the necessary licenses, and otherwise prepare the business for opening;

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.

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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.

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

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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 Franchisor. 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.

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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

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.

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 in the United States.

7.3.2 Do or perform any other act injurious or prejudicial to Franchisor; or

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7.3.3 Engage in any Competitive Business anywhere in the United States without the express written consent of Franchisor; or

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

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 Attachment 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.

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's training fee includes all required training for Franchisee/Designated Manager and one employee. Additional expenses apply for additional employees. 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, Advanced Regulatory Training ("ARC"), corporate wellness program, marketing, sales, legal and compliance issues, and accounting, and on-the-job training at Franchisee's business location. Franchisor reserves the right to deliver all training (other than on-the-job training) via inter-active, web-based, or video-based methods.

Classroom training is held at Franchisor's corporate headquarters in Greenville, South Carolina, or any another location Franchisor may designate, and up to 5 optional days of real-time observation and learning at are held at Affiliate, ARCpoint Labs of Greenville, or an approved franchise location. Franchisee is solely responsible for all training fees and costs for additional employees at the noted rates, and travel costs and living expenses for Franchisee and Franchisee's employee.

Training is completed in 5 phases, and must be completed to Franchisor's satisfaction: 1) Opening Training (approximately 3 hours) - begins within 10 days of signing the Franchise Agreement,

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provides Franchisee, via telephone, email, and various other online resources, information and assistance with site selection, and various other instructions on business set-up including access to the Operations Manual, 2) ARCpoint Video Training Series (approximately 14 hours) – instruction and examination regarding drug, alcohol, and DNA testing and collection procedures and the methodologies involved in each, 3) ARCpoint University – (approximately 40 hours) takes place at Franchisor headquarters and includes live instruction on all remaining material aspects of operating the franchised business, including clinical testing, corporate wellness program, marketing, sales, legal and compliance issues, and accounting. Franchisee must satisfactorily complete this portion of the training no more than 2 to 4 weeks prior to opening your franchised business, 4) ARC Training (approximately 12 hours) – The Advanced Regulatory Compliance training covers: 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 Department of Transportation ("DOT") audit, driver qualification files ("DQF"), DOT-mandated Supervisor "Signs and Symptoms" training, and hours-of-service requirements for FMCSA. The timing for beginning this training depends on both Franchisee's comfort level and readiness to move forward in this area, and Franchisor's assessment of Franchisee's readiness. Once Franchisee satisfactorily completes the ARC program to become ARCpoint-certified Franchisee shall be permitted to perform any of the covered services, and train all additional Franchisee employees in these areas of regulatory compliance, 5) On-the-job Training (approximately 40 hours) – One member each, from Franchisor's operations and sales teams, or a select mentor franchisee, will visit Franchisee's location, within approximately three months of Franchisee's business opening, at a mutually-agreeable time, to focus on operational organization and sales approach. The Operations visit covers 16 hours of training over the course of 2 days and the Sales visit covers 24 hours of training over the course of 3 days. Prior to the operations visit, Franchisee shall purchase, and have available at this training, a franchisor-approved Breath Alcohol Device and will only be certified on this device. Franchisee shall reimburse Franchisor for any direct costs and expenses incurred by Franchisor at the point of cancellation, if Franchisee unilaterally cancels or re-schedules this training. Franchisee shall also pay the noted hourly rate, during any on-the-job training, in which Franchisor's services are requested or utilized for more than the number of hours included in the training fee.

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.

8.3 **Additional Assistance**

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Should Franchisee request additional on-site assistance, or assistance other than the training, 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 the noted rate.

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. For a multiple territory purchase pursuant to a MUEDA, Franchisor shall refund 15% of the initial Franchise Fee paid on the second and subsequent territories. 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.

8.6 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 I 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

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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.

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.

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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

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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, 2012, the Ad Fund spent 18% of its income on the production of advertisements and other promotional materials, 28% for sales support, subscriptions, and media placement, 52% for technology and software services, and 2% 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

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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) Franchisor has formed a National Franchisee Advisory Council ("NAC") 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 an on-going Local Advertising and Marketing Investment Program, beginning just prior to Franchisee's business opening. This program is divided into an Initial Launch Period lasting through Franchisee's first year of operation, followed by Required and Perpetual Monthly Expenditures.

Initial Launch Period - begins just prior to business opening and lasting through Franchisee's first year of operation, wherein Franchisee shall invest a total of approximately $20,000. This investment will be administered as follows:

Franchisee shall pay directly to Franchisor, within 10 days after signing the Franchise Agreement, the amount of $7,500, to be dispersed by Franchisor to pay specific mandatory expenditures on Franchisee's behalf.

The remainder of Franchisee's required initial expenditure, in the approximate amount of $12,500, shall be expended directly by Franchisee at Franchisor's direction, at various times throughout the Initial Launch Period, for specific mandatory advertising and marketing expenses.

Franchisee shall be required to sign contracts with certain approved vendors and pay them directly, but, at Franchisor's direction, Franchisee shall remit payment to Franchisor for any and all expenditures that vendors require Franchisor to pay directly

Required and Perpetual Monthly Expenditures - Beginning in the thirteenth (13th) month of Franchisee's operations, through the end of Franchisee's term, Franchisee shall expend a minimum of $750 per month toward local marketing, advertising and promotion as described below. Franchisee shall, at Franchisor's direction, continue many of the expenditures from the initial launch period, with the same vendors, in addition to other local vendors Franchisee may choose and which Franchisor may approve.

Franchisor reserves the right to collect the required minimum monthly

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expenditure of $750 from, and implement for, Franchisee, a local advertising plan, or collect this expenditure from Franchisee and contribute it to the Ad Fund with no credit given Franchisee toward Franchisee's required monthly payment to that fund.

All local advertising shall be conducted in the manner, style, media, and format, conforming to our Brand Standards, and shall be approved in advance by Franchisor as set out in the Operations Manual. Franchisor shall provide Franchisee access to all advertising and marketing materials, assist in tailoring those products to Franchisee's business needs, and provide guidance in Franchisee's local advertising program. Franchisee shall not utilize advertising materials or venues unless first approved by Franchisor, in writing. Franchisor shall retain property right in all Copyrights in any and all promotional materials that Franchisee develops, or are developed for Franchisee.

Franchisee shall engage in system-approved, continuous and on-going, monthly, Search Engine Optimization (SEO) activities as prescribed by Franchisor, by the approved vendor, or 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, and seek reimbursement for all expenses to do so, including reasonable expenses for administering the activity.

Franchisee must account to Franchisor, in any manner prescribed, 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.

Local advertising, marketing, and promotion expenses shall include only those out-of-pocket costs directly associated with the pre-approved development, production, placement, procurement of printed materials or advertising space or time dispersed or disseminated in by Franchisee in Franchisee's Protected Territory in this Franchise Agreement. 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 shall also be included as out-of-pocket costs. Any costs or expenses not specifically listed must be pre-approved by Franchisor.

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

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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 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

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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 (10^{th}) 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 (11^{th}) 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 Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's current or prospective lenders or investors. 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

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financial information in a format that may be specified by Franchisor in the Manual or by other written communication. Franchisor shall, at all times, 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 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 first approved.

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13.1.2 Franchisor shall provide Franchisee, in the Operations 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 provide that supplier with Franchisor's contact information to enable vendor to furnish Franchisor sufficient information, specifications and/or samples for Franchisor, pursuant to the procedure set out in the Operations Manual, to determine whether the product complies with standards and specifications, or whether the supplier meets its Approved Supplier criteria. 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.

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 (via email is allowed) 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

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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 Operations 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 ownership and 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 as outlines in the Operations Manual or other written communications. 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. Franchisor reserves the right to suspended Franchisee's email upon default under any provision herein.

13.11 National/Regional/State ("NRS") Accounts

Franchisor shall have the right to designate certain of Franchisee's clients as NRS accounts, if they meet specific criteria detailed in the Operations Manual. Franchisor shall further evaluate a client account for NRS designation if it first meets a specific baseline definition: a company, organization, or client that requires services at multiple locations, or that require providing services to a number of people so that it extends beyond your ability to directly service the account. Franchisor's Operations Manual provides additional examples and definitions of an NRS account.

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Franchisee shall notify Franchisor of all potential clients that fall meet the baseline definition of a NRS account. Franchisor shall further analyze the account, per the criteria in the Operations Manual, to determine if the account will be designated NRS. Franchisor shall administer all NRS accounts through the Third Party Administrator ("TPA") program as further set out in the Operations Manual.

Franchisor reserves the right to market directly to, solicit, and establish NRS accounts for the benefit of the entire system, no matter the location, provided the account meets the criteria as set out in the Operations Manual.

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. Franchisee must also require any physicians and/or other health care providers, that provide services to the franchised business, and who are required by law to carry medical malpractice insurance, to provide Franchisee with written documentation of their current medical malpractice insurance coverage. Franchisee shall furnish this documentation to Franchisor, upon demand.

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;

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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.

14.2 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, copies of their insurance policies 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

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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 Attachment 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

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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;

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

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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 affected 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

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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 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 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:

16.2.2.1 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor; or

16.2.2.2 within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to compete against or terminate or modify her, his or its employment or business relationship with 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 Attachment 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

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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, 16.2, or Attachment B. 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,

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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:

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;

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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;

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;

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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,

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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 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

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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.

19. BENEFICIAL OWNERS OF FRANCHISEE

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

20. RELATIONSHIP AND INDEMNIFICATION

20.1 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.

20.2 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.

20.3 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,

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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.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding 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.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 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.

21.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 16 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

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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 22.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

21.3 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

21.4 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.

21.5 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.

21.6 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.

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21.7 **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.

21.8 **Severability and Modification**

21.8.1 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.

21.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 16 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.

21.9 **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.

21.10 **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.

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21.11 Timing

Time is of the essence. Except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 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.

21.13 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.

21.14 Multiple Originals

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

22. DISPUTE RESOLUTION

22.1 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.

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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, to any other agreements between the parties, or with regard to any of the dealings 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 ("AAA") then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the AAA 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.

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

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

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Miranda

Title: CEO

FRANCHISEE: Lesly Datlow

Signed: _____

Name printed: Lesly Datlow

Address: 1187 Wilmette, #313

Wilmette, IL 60091

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Schedule 1

Schedule of Territory Zip Codes

The Protected Territory Evanston (Chicago North) is defined as including the following zip codes:

60022
60043
60076
60077
60091
60093
60201
60202
60203
60204
60208
60209
60625
60626
60645
60659
60660
60712

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ATTACHMENT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR"), 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:_____

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:

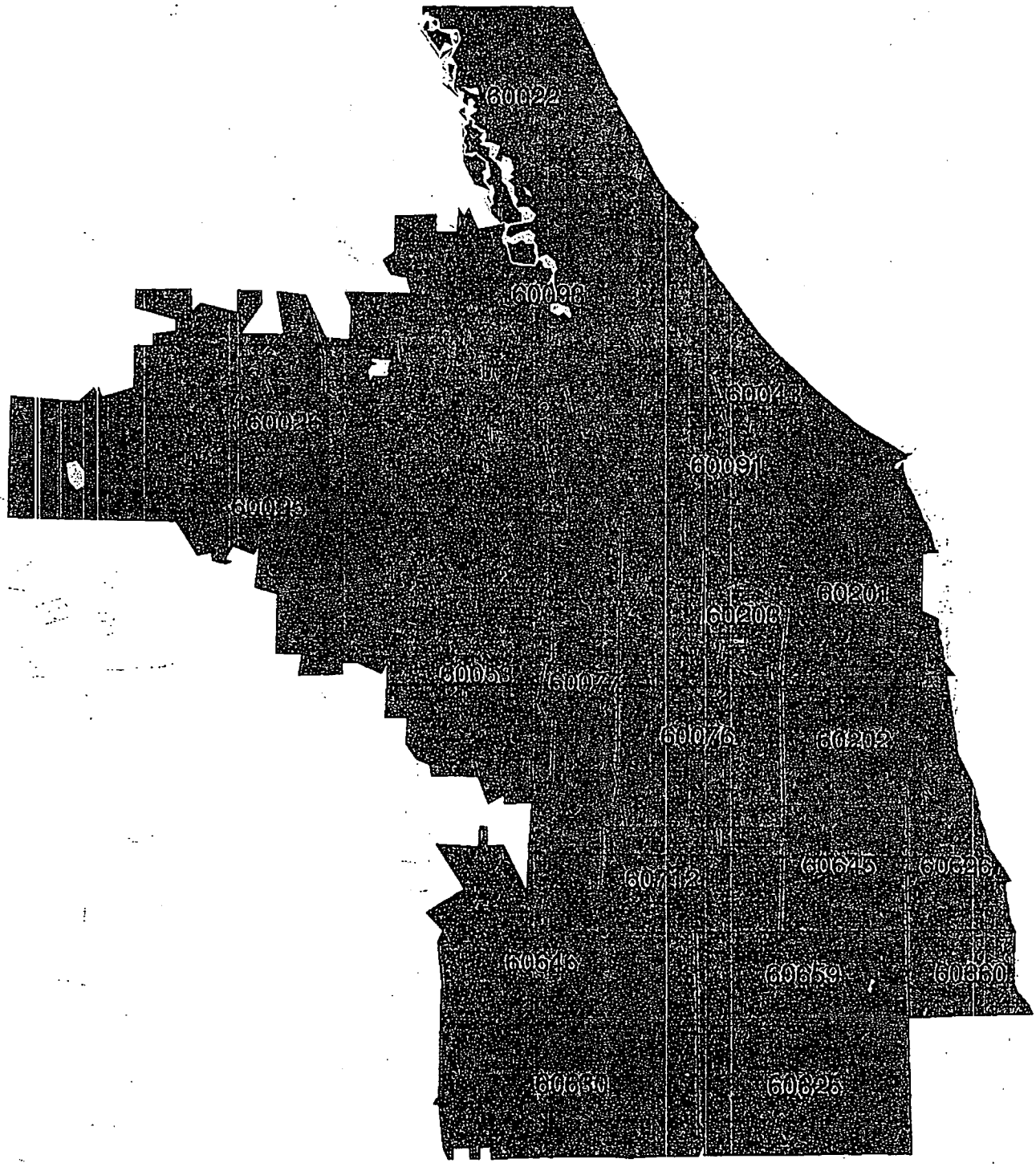
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arcpoint labs
accurate. reliable. confidential testing.

Market: 052 IL Chicago North

Franchise: IL010 Evanston

Street Based Franchise Map



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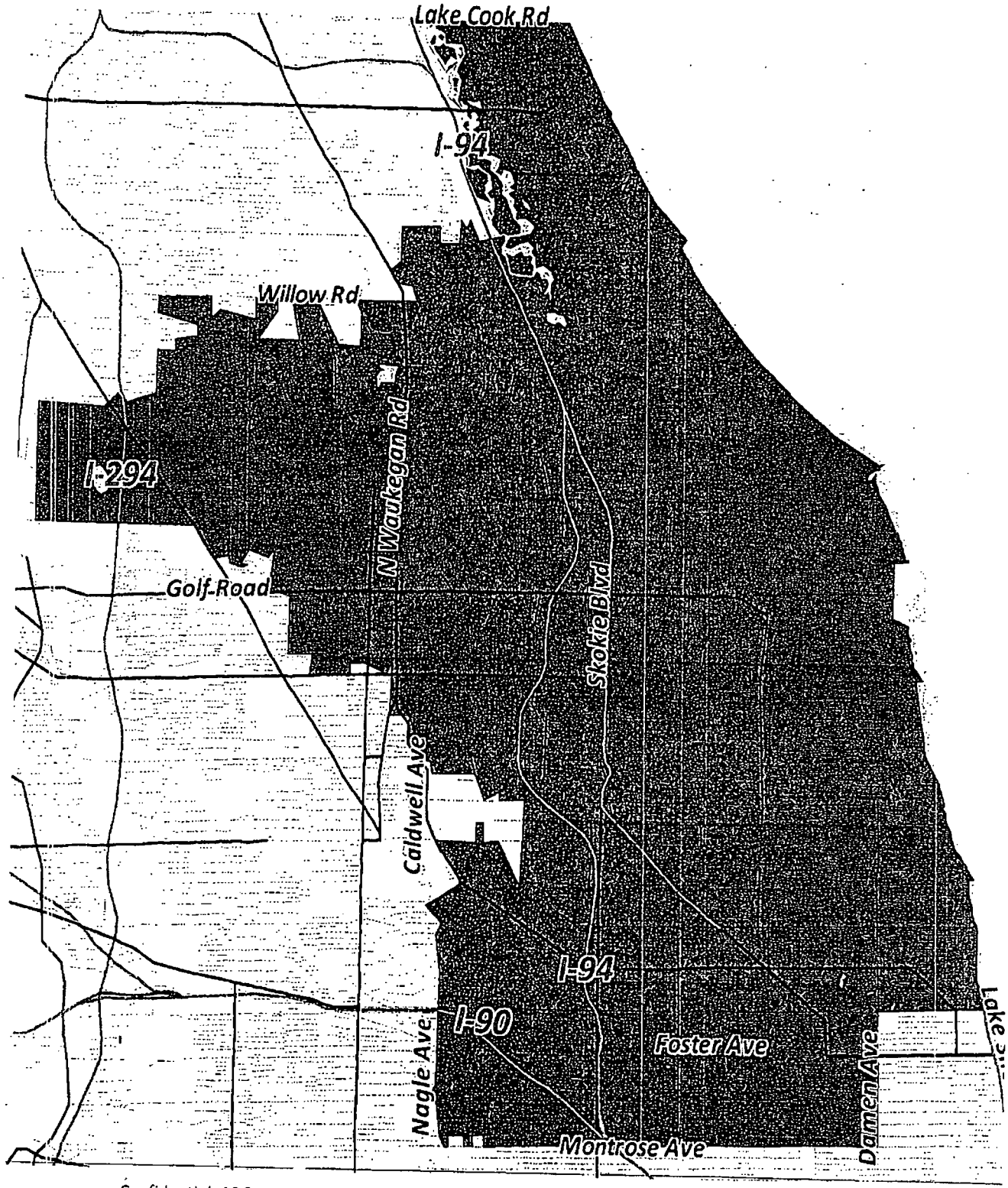
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arcpoint labs
accurate. reliable. confidential testing.

Market: 052 IL Chicago North

Franchise: IL010 Evanston

Street Based Franchise Map



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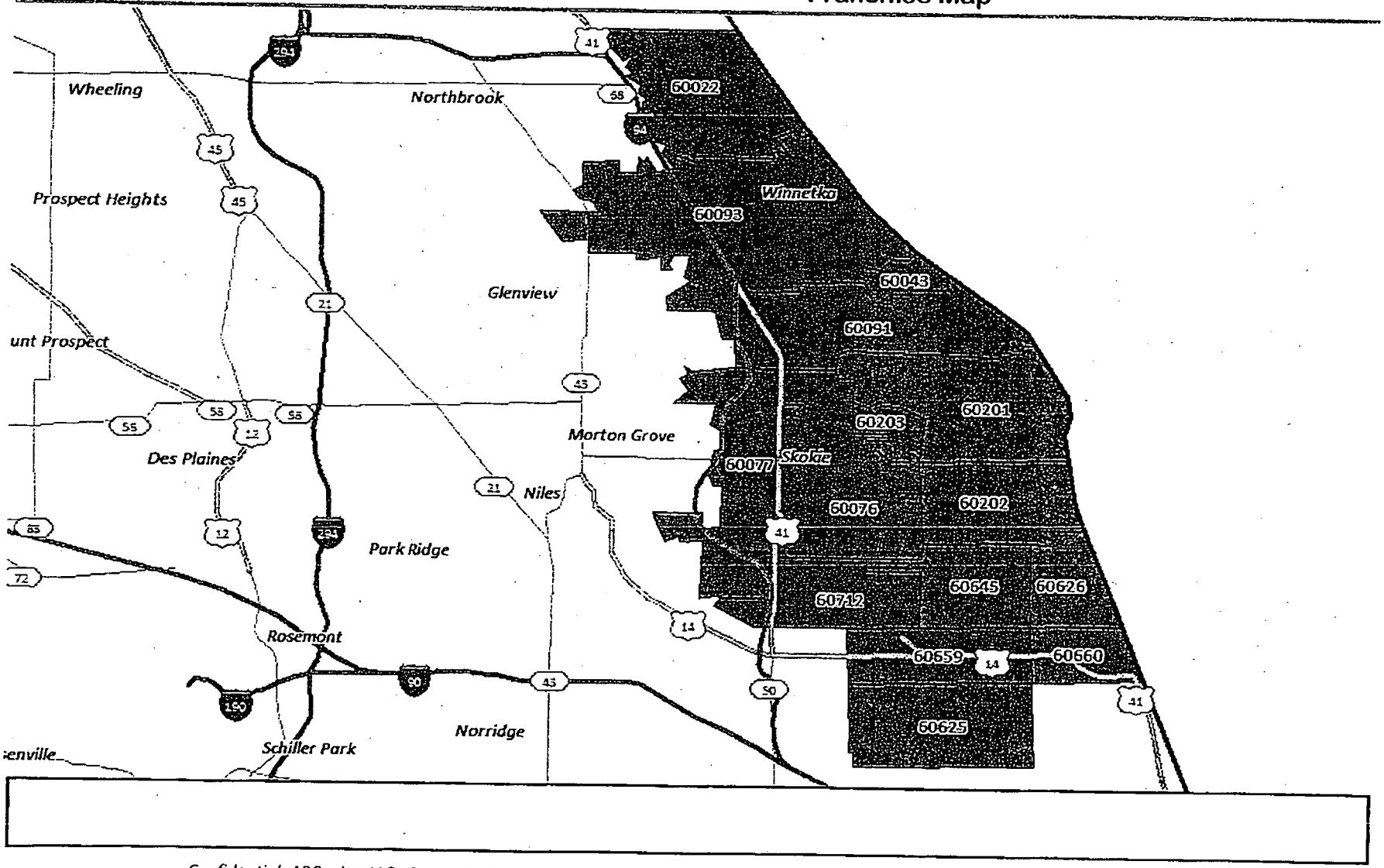
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arcpoint labs
accurate. reliable. confidential testing.

Market: 052 IL Chicago North

Franchise: IL010 Evanston

Franchise Map

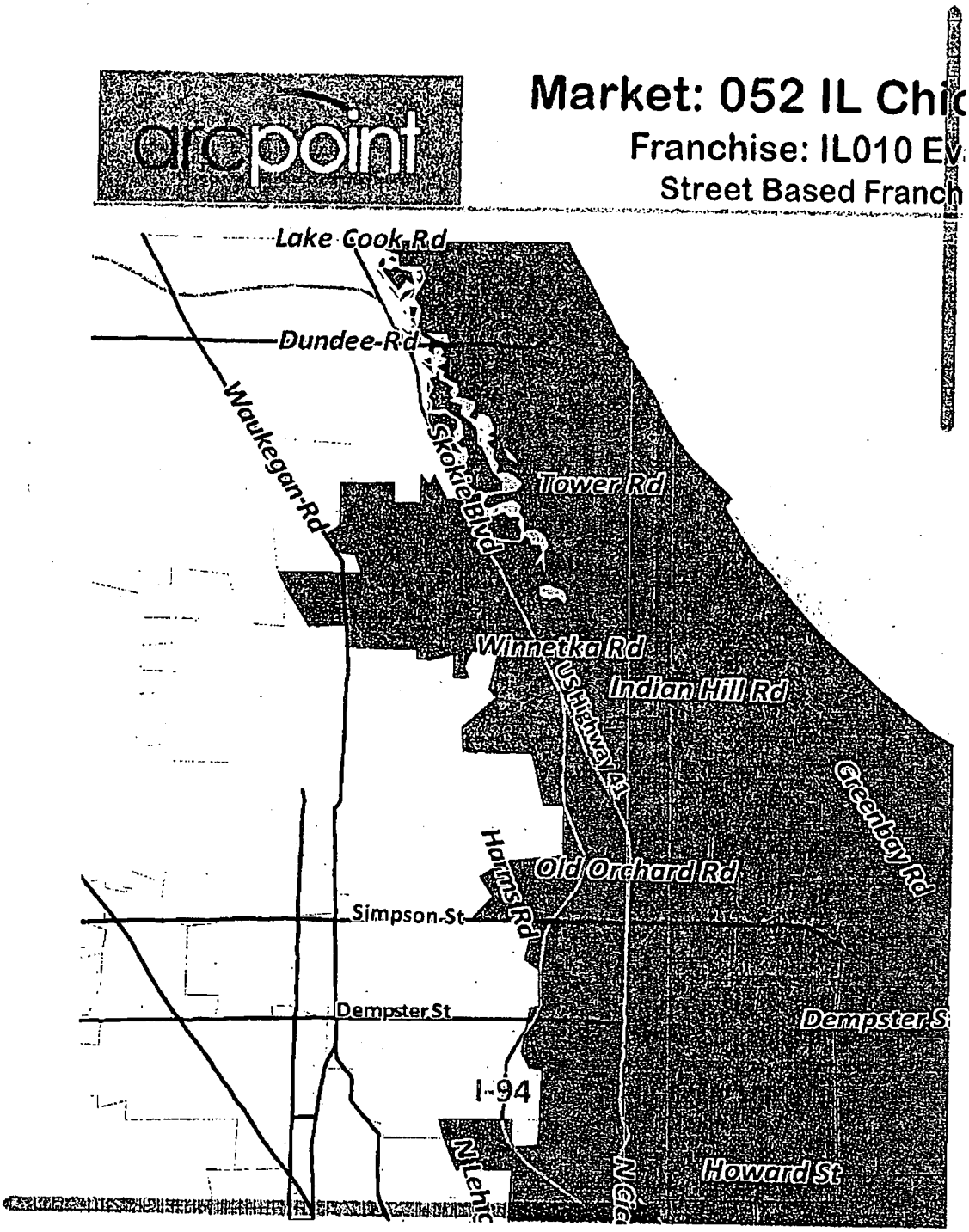


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ROA 0900

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ATTACHMENT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 11th day of Oct, 2013, by and between Franchisee (d/b/a an ARCpoint Franchise), the below named Individual, and ARCpoint Franchise Group, LLC ("Franchisor" or "Company").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated Oct 17, 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.

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. No Harmful Acts

a) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, do or perform any act injurious or prejudicial to Franchisee or Franchisor.

4. Non-Diversion

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee to any Competitive Business within the United States, by direct or indirect inducement or otherwise.

b) Post-Term. 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, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, divert or attempt to divert any business or customer of Franchisee to any Competitive Business.

5. Non-Competition

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, engage in any Competitive Business anywhere in the United States without the express written Consent of Franchisor.

b) Post-Term. For a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, engage in any Competitive Business without the express written consent of Franchisor.

6. Non-Solicitation

a) In-Term. During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, within the United States, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor, 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.

b) Post-Term. For a period of two (2) years after expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, within

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any territory operated by Franchisee at the time of termination, or 50 miles from the boundary of any such territory, 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.

7. **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.

8. **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.

9. **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 any 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 Franchisor and Franchisee, their affiliates, subsidiaries, successors and assigns.

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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.

IN WITNESS WHEREOF, Franchisee, Individual, and Franchisor have 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.

FRANCHISEE: Lesly Datlow

INDIVIDUAL: Neil Seltz

By: _____

Its: _____

INDIVIDUAL: Lesly Datlow

Signature: _____

Printed Name: _____

ARCPOINT FRANCHISE GROUP, LLC

_____

Felix Mirando, CEO

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ATTACHMENT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 17th day of October, 2013, by the below named Guarantor(s).

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 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 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

Neil Seltz
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter Rd
Breckenridge, CO 80424

TELEPHONE NO.: 312-909-0665
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: 0 %

PERSONAL GUARANTOR

Lesly Datlow
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

56 Carter Rd
Breckenridge, CO 80424

TELEPHONE NO.: 312-217-1147
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: ____ %

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ATTACHMENT 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: Lesly Datlow
Position/Title: _____
Home Address: 56 Carter Rd
Breckenridge, CO 80424
_____
Telephone No.: 312-217-1147
E-mail address: ldxl@aol.com ldatlaw@arapahoekbs.com
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: _____
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Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
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_____
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: _____
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Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____
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_____
Telephone No.: _____
E-mail address: _____

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Addendum to ARCpoint Franchise Agreement

This document ("Addendum") is made on Oct. 17 ___, 2013, by and between Lesly Datlow ("Franchisee") and ARCpoint Franchise Group, LLC ("AFG") modifies the Franchise Agreement dated Oct 17 ___, 2013, between Franchisee and AFG.

May it be known that the undersigned parties have negotiated and agreed to modify various provisions of the Franchise Agreement, and for good consideration, do hereby agree to make the following changes and/or additions outlined below. Terms not otherwise defined in this Addendum have the meanings as defined in the Franchise Agreement.

These changes/additions shall be made valid as if they are included in the original stated Agreement. This Addendum is incorporated into the Agreement and supersedes any conflicting provisions in it. Each Party acknowledges and agrees that each reference in the Agreement shall be deemed to be a reference to the Agreement as amended by this Addendum. To the extent a conflict arises between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

Section 1 shall be modified so that the following definitions read as follows:
"**'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; provided, however, notwitstanding the foregoing, Confidential Information shall not include: (i) information generally known to the public other than as a result of Franchisee's violation of its obligations in this Agreement, (ii) information known by Franchisee prior to execution of this Agreement, (iii) information required to be disclosed by order of a court of competent jurisdiction, and (iv) information which needs to be disclosed in the ordinary course of business;"

"**'Gross Sales'** means the aggregate of all revenue actually collected by Franchisee from the sale of services and products from all sources in connection with the Franchised Business and whether by check, cash, credit or otherwise including, (a) all proceeds, received by Franchisee, 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;"

Section 2.5.1 shall be modified to read as follows:
"Franchisee acknowledges that if he is in default of the Franchise Agreement, as defined in Section 15.1 below, subject to all applicable notice and cure periods, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:..."

Section 2.5.2 shall be modified to read as follows:
"Franchisor retains the right to 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 (a "Subject Business"). If Franchisor purchases or otherwise acquires franchises or licenses, by purchasing a Franchisor or Licensor, 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). At the end of the franchise term under the franchise or license agreement for the acquired business, Franchisor shall offer franchisee the first right of refusal to purchase the business at fair market value, under terms of franchisor's then-current Franchise Agreement. If Franchisor purchases or acquires a non-franchised or non-licensed businesses within the Protected Territory, Franchisor shall:..."

Section 2.5.2.1 shall be modified to read as follows:
"offer the franchisee the right of first refusal to purchase such competing business in the franchisee's Protected Territory, or within 30 days of the closing on Franchisor's purchase of such business, offer franchisee first right to purchase any such businesses at the business's fair market value, to be operated as a ARCpoint Business. If franchisee does not accept the offer to purchase the business, franchisor may, at its option, sell or operate the business as it sees fit; or..."

Section 2.5.2.2 shall be modified to read as follows:
"offer the 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, with the terms of such agreement to be negotiated at that time."

Section 2.6.1 shall be modified to read as follows:
".....Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA"), with revenue from the account to be shared as designated in the Operations Manual..."

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Section 2.6.2.1 shall be modified to read as follows:
"Subject to 2.6.2.2 below, 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, which will only be given in extremely compelling situations."

Section 2.6.2.2 shall be modified to read as follows:
"Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Without negating the specific intent of this subsection, Franchisor acknowledges that in the situation where Franchisee's territory is a portion of a larger urban area, encompassing more than one territory, Franchisee's utilization of certain advertising media, with the intent to target only clients in Franchisee's territory, will, in fact, be seen in other territories and shall not violate 2.6.2.1 above. Advertising done via the internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising."

Section 2.6.2.3 shall be modified to read as follows:
"Except as may be permitted pursuant to 2.6.2.2 above, Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory, Further guidelines regarding Advertising and Marketing may be found in Item 11."

Section 4.2.6 shall be modified to read as follows:
"Franchisee has given written notice of renewal to Franchisor not less than six (6) months nor more than twelve (12) months prior to the end of the initial term;..."

Section 5.1.1 shall be added to Section 5, and shall read as follows:
"Should Franchisee and Mike Gammel, an ARCpoint Labs independent franchised business owner, ("Gammel") reach a legally binding contract, addressing Franchisee's use of Gammel's location in an adjoining Chicago-area territory, to service one of Franchisee's territories listed in their MUEDA, Franchisor agrees to approve Franchisee's use of location, if after reviewing the contract prior to execution, Franchisor, in its sole discretion, determines that the contract:

a. is based on sound business principals,
b. does not violate terms of either party's Franchise Agreement,
a. does not serve to violate any fiduciary duty Franchisor owes to the remainder of the Franchise network,
b. is in both the parties' and the Franchise network's best interests, and
c. has been reviewed by counsel for both parties, prior to execution.

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Section 5.2 shall be modified to read as follows:

"Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within 180 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 210 days of signing the Franchise Agreement.

If this Agreement is terminated pursuant to this Section 5.2, Franchisor shall return to Franchisee seventy five percent (75%) 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)."

Section 5.3.7 shall be modified to read as follows:

"a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business; however, Franchisee shall be permitted to also operate a law office out of the premises;"

Section 5.7 shall be modified to read as follows:

"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. Pursuant to paragraph 5.3.7 above, Franchisee shall have the right to operate a law office out of said location."

Section 7.2 shall be modified to read as follows:

"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, with a reasonable compensation paid 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

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to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not."

Section 15.2.1.12 shall be modified to read as follows:
"if either the franchisee business or Franchisor 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;

Section 17.2.8 shall be modified to read as follows:
"Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWENTY THOUSAND DOLLARS ($20,000), if transfer is made to any individual, other than the children of the Franchisee (or children of any holder of a legal or beneficial interest in the Franchisee, if Franchisee is a corporate entity), or another holder of a legal or beneficial interest in the Franchisee."

In addition to the above stated modifications, Franchisee shall receive a First Right of Refusal ("FRR") to purchase the "Evanston territory" (at the price of $30,000.00), for which Franchisee shall sign an additional Franchise Agreement and an Addendum to the Multi-Unit Executive Development Agreement. The first right of refusal shall commence the date this Addendum is executed by Franchisee, and shall end 90 consecutive calendar days thereafter. The FRR shall be triggered when Franchisor grants financial approval to a franchise candidate, who is interested in purchasing the Evanston territory, via the usual procedure for such approvals. Once triggered, the Franchisee shall have 72 hours from the time they are notified by Franchisor, to indicate their willingness to exercise their option to purchase the territory, by signing, and forwarding to Franchisor, a Letter of Understanding (or similar document), to be followed within 15 days by a fully-executed Franchise Agreement.

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
Felix Mirando, CEO

Franchisee: Lesly Datlow

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Addendum to ARCpoint Franchise Agreement

This document ("Addendum") is made on June 25, 2013, by and between Neil Seltz and Lesly Datlow ("Franchisees") and ARCpoint Franchise Group, LLC ("AFG") modifies the Franchise Agreement dated June 25, 2013 between Franchisee and AFG.

May it be known that the undersigned parties have negotiated and agreed to modify various provisions of the Franchise Agreement, and for good consideration, do hereby agree to make the following changes and/or additions outlined below. Terms not otherwise defined in this Addendum have the meanings as defined in the Franchise Agreement.

These changes/additions shall be made valid as if they are included in the original stated Agreement. This Addendum is incorporated into the Agreement and supersedes any conflicting provisions in it. Each Party acknowledges and agrees that each reference in the Agreement shall be deemed to be a reference to the Agreement as amended by this Addendum. To the extent a conflict arises between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

Section 1 shall be modified so that the following definitions read as follows:

"'**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; provided, however, notwitstanding the foregoing, Confidential Information shall not include: (i) information generally known to the public other than as a result of Franchisee's violation of its obligations in this Agreement, (ii) information known by Franchisee prior to execution of this Agreement, (iii) information required to be disclosed by order of a court of competent jurisdiction, and (iv) information which needs to be disclosed in the ordinary course of business;"

"'**Gross Sales**' means the aggregate of all revenue actually collected by Franchisee from the sale of services and products from all sources in connection with the Franchised Business and whether by check, cash, credit or otherwise including, (a) all proceeds, received by Franchisee, from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and

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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;"

Section 2.5.1 shall be modified to read as follows:
"Franchisee acknowledges that if he is in default of the Franchise Agreement, as defined in Section 15.1 below, subject to all applicable notice and cure periods, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:..."

Section 2.5.2 shall be modified to read as follows:
"Franchisor retains the right to 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 (a "Subject Business"). If Franchisor purchases or otherwise acquires franchises or licenses, by purchasing a Franchisor or Licensor, 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). At the end of the franchise term under the franchise or license agreement for the acquired business, Franchisor shall offer franchisee the first right of refusal to purchase the business at fair market value, under terms of franchisor's then-current Franchise Agreement. If Franchisor purchases or acquires a non-franchised or non-licensed businesses within the Protected Territory, Franchisor shall:..."

Section 2.5.2.1 shall be modified to read as follows:
"offer the franchisee the right of first refusal to purchase such competing business in the franchisee's Protected Territory, or within 30 days of the closing on Franchisor's purchase of such business, offer franchisee first right to purchase any such businesses at the business's fair market value, to be operated as a ARCpoint Business. If franchisee does not accept the offer to purchase the business, franchisor may, at its option, sell or operate the business as it sees fit; or..."

Section 2.5.2.2 shall be modified to read as follows:
"offer the 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, with the terms of such agreement to be negotiated at that time."

Section 2.6.1 shall be modified to read as follows:
".....Franchisor shall further analyze the client's needs, per the criteria in the Operations Manual, and determine if the account will be designated an NRS account. All NRS accounts will be handled through Franchisor, as Third Party Administrator ("TPA"), with revenue from the account to be shared as designated in the Operations

Manual..."

Section 2.6.2.1 shall be modified to read as follows:
"Subject to 2.6.2.2 below, 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, which will only be given in extremely compelling situations."

Section 2.6.2.2 shall be modified to read as follows:
"Franchisee may not advertise in a form of media specifically designed to be seen exclusively or predominantly in a territory other than one owned by Franchisee own (e.g.: advertising in a newspaper whose majority of subscribers live outside of your territory). Without negating the specific intent of this subsection, Franchisor acknowledges that in the situation where Franchisee's territory is a portion of a larger urban area, encompassing more than one territory, Franchisee's utilization of certain advertising media, with the intent to target only clients in Franchisee's territory, will, in fact, be seen in other territories and shall not violate 2.6.2.1 above. Advertising done via the internet, facilitated by Franchisor's approved vendors does not fall within this category of prohibited advertising."

Section 2.6.2.3 shall be modified to read as follows:
"Except as may be permitted pursuant to 2.6.2.2 above, Franchisee may only advertise and market to current or potential clients or customers, through media that is primarily directed to clients, customers, or potential clients of Franchisee's Territory, Further guidelines regarding Advertising and Marketing may be found in Item 11."

Section 4.2.6 shall be modified to read as follows:
"Franchisee has given written notice of renewal to Franchisor not less than six (6) months nor more than twelve (12) months prior to the end of the initial term;..."

Section 5.1.1 shall be added to Section 5, and shall read as follows:
"Should Franchisee and Mike Gammel, an ARCpoint Labs independent franchised business owner, ("Gammel") reach a legally binding contract, addressing Franchisee's use of Gammel's location in an adjoining Chicago-area territory, to service one of Franchisee's territories listed in their MUEDA, Franchisor agrees to approve Franchisee's use of location, if after reviewing the contract prior to execution, Franchisor, in its sole discretion, determines that the contract:

a. is based on sound business principals,
b. does not violate terms of either party's Franchise Agreement,
a. does not serve to violate any fiduciary duty Franchisor owes to the remainder of the Franchise network,
b. is in both the parties' and the Franchise network's best interests, and
c. has been reviewed by counsel for both parties, prior to execution.

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Section 5.2 shall be modified to read as follows:

"Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within 180 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 210 days of signing the Franchise Agreement.

If this Agreement is terminated pursuant to this Section 5.2, Franchisor shall return to Franchisee seventy five percent (75%) 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)."

Section 5.3.7 shall be modified to read as follows:

"a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business; however, Franchisee shall be permitted to also operate a law office out of the premises;"

Section 5.7 shall be modified to read as follows:

"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. Pursuant to paragraph 5.3.7 above, Franchisee shall have the right to operate a law office out of said location."

Section 7.2 shall be modified to read as follows:

"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, with a reasonable compensation paid 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."

Section 15.2.1.12 shall be modified to read as follows:

"if either the franchisee business or Franchisor 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;

Section 17.2.8 shall be modified to read as follows:

"Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWENTY THOUSAND DOLLARS ($20,000), if transfer is made to any individual, other than the children of the Franchisee (or children of any holder of a legal or beneficial interest in the Franchisee, if Franchisee is a corporate entity), or another holder of a legal or beneficial interest in the Franchisee."

In addition to the above stated modifications, Franchisee shall receive a First Right of Refusal ("FRR") to purchase the "Evanston territory" (at the price of $30,000.00), for which Franchisee shall sign an additional Franchise Agreement and an Addendum to the Multi-Unit Executive Development Agreement. The first right of refusal shall commence the date this Addendum is executed by Franchisee, and shall end 90 consecutive calendar days thereafter. The FRR shall be triggered when Franchisor grants financial approval to a franchise candidate, who is interested in purchasing the Evanston territory, via the usual procedure for such approvals. Once triggered, the Franchisee shall have 72 hours from the time they are notified by Franchisor, to indicate their willingness to exercise their option to purchase the territory, by signing, and forwarding to Franchisor, a Letter of Understanding (or similar document), to be followed within 15 days by a fully-executed Franchise Agreement.

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: _____

Signature _____

Title: CEO

Franchisee: Neil Seltz

Signature _____

Franchisee: Lesly Datlow

Signature _____

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Addendum to ARCpoint Franchise Agreement

This document is made on Oct. 17, 2013, by and between Lesly Datlow ("Franchisee") and ARCpoint Franchise Group, LLC ("AFG") modifies the Multiple Unit Executive Development Addendum ("MUEDA") dated July 16, 2013, which formed a part of three previous Franchise Agreements dated June 25, 2013, between Franchisee and AFG, and shall also form a part of the Franchise Agreement dated Oct. 17, 2013.

May it be known that the undersigned parties, for good consideration, do hereby agree to modify the above referenced MUEDA adopting, in total, the attached document labeled "**Attachment E to the Franchise Agreement ARCpoint Franchise Group, LLC Multiple Unit Executive Development Addendum**", as part of all four of the above referenced Franchise Agreements.

These changes/additions shall be made valid as if they are included in the original stated Agreement(s).

The Franchise Agreements and MUEDA shall hereby be modified by adopting, in total, the attached document labeled **"Attachment E to the Franchise Agreement ARCpoint Franchise Group, LLC Multiple Unit Executive Development Addendum"**, and if it is ever found that language in the above referenced Agreements conflicts with anything contained in the attached document, the language in the attached document shall hold.

No other terms or conditions of the above mentioned contract(s) shall be negated or changed as a result of this herein stated addendum.

ARCpoint Franchise Group, LLC
Felix Mirando, CEO

Franchisee: Lesly Datlow

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ATTACHMENT E TO THE FRANCHISE AGREEMENT

ARCPOINT FRANCHISE GROUP, LLC

MULTIPLE UNIT EXECUTIVE DEVELOPMENT ADDENDUM

1. Development Schedule.

Franchisee is acquiring the following multiple Protected Territories from Franchisor:

Berwyn (Chicago South)
Chicago (Chicago South)
Des Plaines (Chicago North)
Evanston (Chicago North)

Franchisor and Franchisee agree that Franchisee shall open an Approved Location in each of the above listed Territories pursuant to the following Development Schedule:

	Open Date	Cumulative Number of Territories to be in Operation
First Territory	November 29, 2013, or within 45 days thereafter	1
Second Territory	May 31, 2014	2
Third Territory	November 28, 2015	3
Fourth Territory	May 31, 2016	4
Fifth Territory	_____	5
Sixth Territory	_____	6
Seventh Territory	_____	7
Eighth Territory	_____	8

If Franchisee fails to meet or satisfy the timing in the above Development Schedule, Franchisor may terminate the franchise agreement(s) of Franchisee's unopened Territory(ies) by delivering notice of termination to Franchisee stating the reason for termination, but Franchisor must allow Franchisee 180 days after giving notice of termination, to cure this breach and meet Franchisee's obligations by opening the scheduled Franchised Business(es). Franchisor will refund 15% of the discounted Franchise Fees Franchisee paid for the multiple Protected Territory purchase for any Franchise(s) that Franchisee has not opened. (Example: 2nd unit 15% of $40,000 or $6,000; 3rd unit 15% of $35,000 or $5,250; 4th unit and above 15% of $30,000 or $4,500).

2. Royalty and Advertising Fees. Franchisor and Franchisee acknowledge that-
(a) for the first three calendar months in which Franchisee is open for business, Franchisee allows certain exceptions to payment of a $350 minimum royalty fee pursuant to Section 3.4 of the franchise agreement;

(b) for the first three calendar months in which Franchisee is open for business, Franchisor allows certain exceptions to payment of a $100 minimum National Marketing/Advertising Fund fee pursuant to Section 3.5 of the franchise agreement; and
(c) Local Advertising Expenditure requirements under Section 3.6 begin month thirteen (13) of operations.
These time periods are calculated from the date of commencement of operations in a given Protected Territory and not the Effective Date of the Franchise Agreement for such Territory.

3. Initial Fees.
(a) Training Fee - If Franchise acquires two or more franchise territories at the same time, Franchisee will only pay one Initial Training fee of $12,500 under Section 3.3 of the Franchise Agreements for the entire purchase, not per territory. For this initial fee, Franchisee will receive training for two (2) more people, in addition to the two (2) covered under the initial training fee.

(b) Local Advertising and Marketing Investment Program - If Franchise acquires two or more franchise territories at the same time, Franchisee shall only be required to make the initial launch period investment of $20,000 under Section 11.2 of the Franchise Agreements for the entire purchase, not per territory.

(c) Technology Fee - If Franchise acquires two or more franchise territories at the same time, Franchisee will only pay one initial Technology Fee of $1,500 under Section 3.7 of the Franchise Agreements for the entire purchase, not per territory.

Except as modified above, the terms of the Franchise Agreements remain in full force and effect.

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JEFFREY C. BLUMENTHAL CHARTERED
ATTORNEY AT LAW

March 1, 2017

By: Facsimile: (864) 271-5810
and Federal Express, Overnight Delivery
ARCpoint Franchise Group, LLC
Attention: President
220 North Main Street, Suite 325
Greenville, South Carolina 29601

Re: **Notice of Franchisor's Default**

Dear ARCpoint Franchise Group, LLC President:

Please be advised that my firm has been retained by the following ARCpoint Franchisees:

Mr. Bob Robert & Mr. Greg Jump
JumpR2, Incorporated
720 E. Park Blvd, #102
Plano, Texas 75074

Mr. Jon Lewis and Brett Lewis
Myrtle Beach ODS, Inc. & Florence ODS, Inc.
P.O. Box 6394
Florence, South Carolina 29502

Mr. Mark Hudson & Ms. Carolyn Hudson
Employer's Choice Testing, LLC
P.O. Box 702137
San Antonio, Texas 78270

Mr. Joe Regan
3 Sons Venture, Inc.
1591 Merrill Place
Rock Hill South Carolina 29732

Mr. Lance Norris & Ms. Carrie Norris
ARCpoint of Tallahassee, Inc.
3520 N. Monroe Street
Tallahassee, Florida 32303

Mr. Gary Patrone
On Trac Holdings, Inc. d/b/a ARCpoint Labs of Tempe, ARCpoint Labs of Mesa, ARCpoint Labs of Phoenix-Black Canyon
2330 S. McClintock Drive
Tempe, Arizona 85282-2674

Mr. Neil Seltz & Ms Lesly Datlow
Shamey LLC
36 W. Randolph Street, Suite # 705
Chicago, Illinois 60601
Mr. Michael Ganmel
Blue Lizard, Inc.
2200 Landmeir, Suite #2200
Elk Grove Village, Illinois 60607

Mr. Greg Bowman
Bowman Lab Solutions, Inc.
d/b/a ARCpoint Labs of Nashville
3656 Trousdale Drive, Suite 109
Nashville, Tennessee 37204

This letter gives you notice (pursuant to Section 15.1 in certain of the Franchise Agreements and Section 16.1 in other of the Franchise Agreements applicable to the Franchisees, collectively the "Franchise Agreements") that the above ARCpoint Franchisees deem the Franchisor, ARCpoint Franchise Group, LLC ("AFG") to be in material breach of various provisions of the respective Franchise Agreements and obligations as Franchisor. Set forth below are some of the material breaches that AFG has committed and which require AFG to cure within the time periods provided in Section 15.1/Section 16.1 of the referenced Franchise Agreements.

ASTATE LEGAL® PLAINTIFF'S EXHIBIT 14

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First, subsequent to the execution of all of the subject Franchise Agreements, AFG established and authorized an affiliate, ARCpoint Occupational Solutions, LLC ("AOS"), which employs a number of the same key personnel and has some common ownership, to operate and wrongfully solicit and compete for business in the above referenced Franchisees' territories and usurp opportunities that should belong to the Franchisees. AFG's inclusion of language in the Operations Manual mandating that franchisees "use" AOS does not excuse AOS/AFG's improper encroachment as the Manual cannot be used to materially alter the fundamental rights of Franchisees. For the same reason, AOS/AFG's employee Jasmine Rosales' 2015 e-mail informing Franchisees that they must "use" AOS is also of no consequence since it cannot alter the fundamental rights of the Franchisees.

Among other things, through its Website, AOS is wrongfully soliciting the Franchisees' clients on a continual basis. Moreover AOS' President, Chris Williams, has effectively stated to certain franchisees that AOS can go into any ARCpoint franchisee's territory and do whatever AOS wants, which is clearly contrary to what the Franchise Agreements provide. The Franchisees further object to AFG's attempts to coerce them into written agreements with AOS that would have these Franchisees surrender clients to AOS for a minimal 1-3% commission, where a number of the Franchise Agreements limit AFG to "25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate [AFG] for [its] sales, administrative and billing efforts." Other Franchisees have received documentation where they were promised 75% of the revenue stream from an AFG national account. AFG's efforts to maximize AOS' business has created material, irreconcilable conflicts with AFG's obligations as a Franchisor to the Franchisees. Further AOS has preferred collectors that are in direct competition with the Franchisees in their territories. AOS doesn't even pretend to use ARCpoint franchisees as a preferred partner; its website specifically states that "AOS has partnered with i3screen". No mention is made of the ARCpoint franchisees.

Most egregiously, AOS has entered into a contract with the State of South Carolina through which it will be providing services to the state for fees that are in some cases lower than the lab costs that these Franchisees have to pay for those same services. In other words, AFG has obtained preferential pricing for AOS, to the detriment of these Franchisees. By so doing, AFG is acting in bad faith in wrongfully undercutting fees charged by franchisees for the same services and is either trying to turn its franchisees into mere collection sites for AOS accounts or force them out of business altogether. If Franchisees are unwilling to assist AOS, AFG has demanded that the Franchisees agree to stand aside while AOS has others service accounts in the Franchisees' "Protected" territories.

Second, AFG is wrongfully insisting that Franchisees install the Qvinci software on their computer systems or otherwise face AFG's wrongful retaliation. As you have been repeatedly advised by franchisees, the Qvinici software is objectionable because it harvests more information than your Franchisees agreed to provide in their respective Franchise Agreements. Specifically, all

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of the Franchisees object to the Qvinici software as it would allow AFG to obtain the most sensitive information regarding their clients, including client names, addresses, phone numbers and other client information, including other contact data. Given that AFG's affiliate, AOS, is in effect a competitor of the Franchisees, under no circumstances do these Franchisees believe that they should be required to surrender client names and contact information. The Franchisees will not provide information that would allow AOS/AFG to poach their clients and believe, that under the circumstances, the request for this information materially breaches their Franchise Agreements. AFG has improperly threatened to audit certain of the Franchisees that have objected to installing the Qvinci software and wrongfully retaliated against others by withdrawing site approval for new locations.

Third, the Franchisees contend that AFG has misused the National Ad Fund monies and has failed to provide essentially any national advertising to promote existing franchisees' business, notwithstanding that a percentage of all Franchisee Gross Revenue is paid to AFG's National Ad Fund. Instead of national advertising, AFG has improperly used the National Ad Fund to pay for administrative salaries and expenses in gross disproportion to what is needed and reasonable, dues and subscriptions to the Drug & Alcohol Testing Industry Association and subscriptions to magazines, trade conferences to apparently promote sale of ARCpoint franchises and for the placement of local articles, many of which are geared to apparently promoting sale of Arcpoint Franchises or are informational articles which do not directly promote franchisee services. In fact, it is the Franchisees' contention that AFG has failed to engage in virtually any marketing activities on a national level to promote franchisee business and Franchisees have derived absolutely no benefit from the National Ad Fund. Section 11.3.4 of a number of the subject Franchise Agreements provides in pertinent part that: "[A]ny Affiliate of Franchisor shall make National Marketing Contributions at the same rate as franchised ARCpoint Businesses." Demand is made that you promptly provide the above listed Franchisees with detailed information as to the National Marketing Contributions made by AOS from its 2013 inception to the present. The Franchisees also request that AFG provide information regarding the National Marketing Contributions of any other affiliate of AFG. Additionally, the Franchisees object to AFG's unilateral attempt to convert the National Ad Fund first into an "Ad/Brand Fund" and now into a "Brand Fund", which AFG has no contractual right to do.

Fourth, AFG has repeatedly enacted "programs", which have not been properly developed, yet have exerted great pressure upon the franchisees to participate. As a result, franchisees, have expended vast amounts of time and money, in an effort to bring these programs to fruition. Despite the best efforts of the franchisees, these programs have been a complete and total failure, due to the failure of AFG to properly develop them and hire qualified personnel to assist with same. Prime examples of this is AFG's purported clinical program and medication monitoring program.

These Franchisees believe that AFG has repeatedly acted in bad faith towards the Franchisees, throughout the duration of the Franchisees' Agreements. The removal of TPA

services from AFG and the creation of AOS, along with the failure to properly use the Ad Fund for its intended purposes and failure to require affiliates to make their required contribution to the National Ad Fund are just some of the examples of bad faith or worse perpetrated by AFG. The failed programs, National Ad Fund mismanagement and salaries that were paid and are being paid to persons with neither the background, training, expertise and experience to successfully complete projects and implement national advertising do not seem to have any ending.

Accordingly, for a multitude of reasons, including those set forth in this letter, the above Franchisees have had enough and want out of your Franchise System with the right to compete under new names and without restriction or any payment to you. These Franchisees are prepared to work toward a confidential settlement with you provided that AFG does not engage in any retaliatory actions against any of these Franchisees while a settlement between the parties is consummated. In the event that AFG engages in any retaliatory action, the Franchisees will respond appropriately and pursue their legal remedies. The Franchisees further request, that while the parties are working toward settlement, AFG cause AOS to immediately cease operating in their territories; and promptly surrender to the above Franchisees, access to their Twitter and Facebook accounts, e-mail addresses, identifications and passwords whether held by AFG and/or Turn the Page. The existing content should remain 'as is' and there should be no deletion of any content on any of the Franchisees current ARCpoint website, facebook page and/or twitter pages.

I look forward to working with you toward a settlement of the matters raised in this letter.

Very Truly Yours,

Jeffrey C. Blumenthal

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DATE: March 1, 2017

NO. OF PAGES: 5 pages
(INCLUDING COVER)

TO: President

COMPANY: ARCpoint Franchise Group, LLC

FAX NO: (864) 271-5810

FROM: Jeff Blumenthal

Re: **March 1, 2017 Notice of Franchisor's Default**

Dear President of ARCpoint Franchise Group, LLC:

Transmitted herewith is a Notice of Franchisor's Default. If you have any questions, do not hesitate to contact me or have your attorney contact me.

Sincerely,
Jeff Blumenthal

If there are any questions regarding this transmission,
Please call 847.498.3220

Original of transmitted document will be sent by:

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SER.# : BROA9J901392

DATE,TIME	03/01 14:38
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Do you have a client inside your territory, that requires services at multiple locations, or to a number of people, so that it extends beyond your ability to directly service the account?[1]

YES

Call VP of Operations or VP of Sales to discuss and further analyze client's needs to determine if NRS[1]

YES

It is an NRS account. Handled through the corporate TPA Program[3]

NO

It is not an NRS account. You will manage via Cross-Territorial Protocol[2]

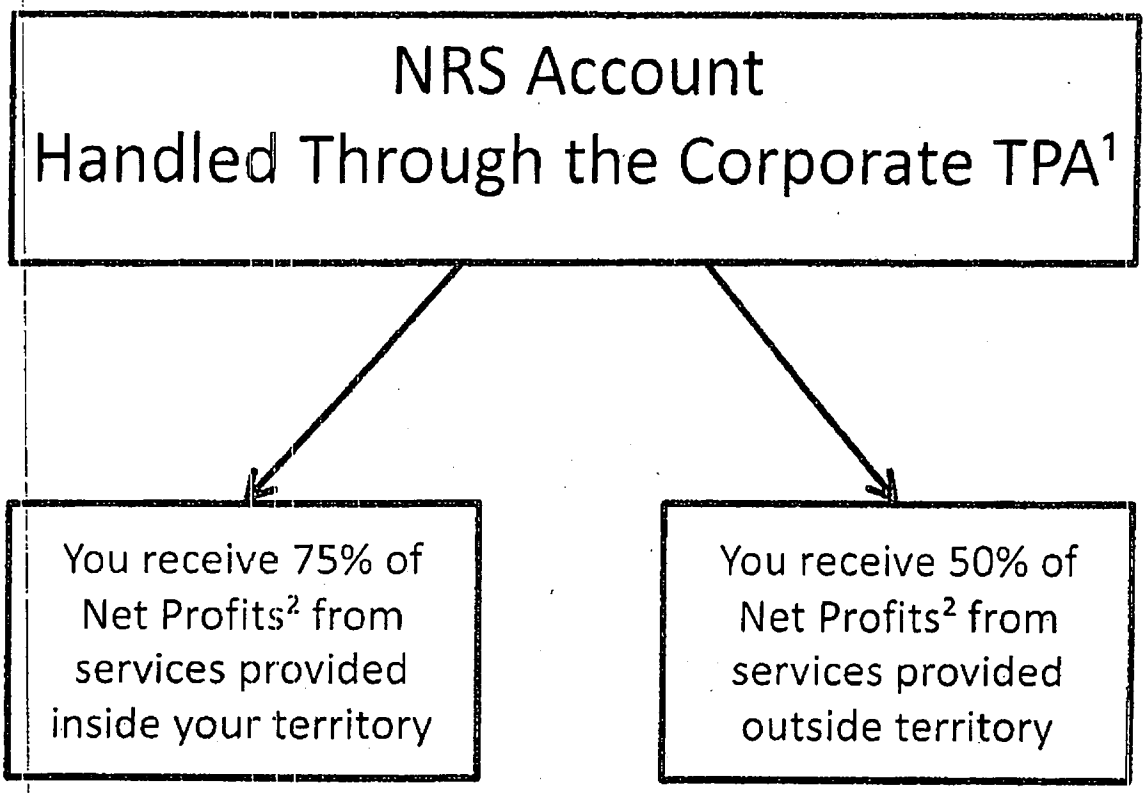
1. The baseline definition of an National/Regional/State (NRS) Account - a company, organization, or client in your territory that requires services at multiple locations or that require providing services to a number of people so that it extends beyond your ability to directly service the account. (See FDD - Item 12 C and Item 8 for further discussion)

2. See FDD Item 12 and Cross-Territorial Protocol Section of Operations Manual for further information.

3. See this Section of Operations Manual for further information on AFG's role as Third-Party Administrator ("TPA"). (See also Items 8 and 12 FDD)

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1. Corporate TPA – AFG handles all designated NRS accounts through the Corporate Third-Party-Administrator Program it runs for the benefit of the franchisees, in order to handle large or complex accounts which franchisees would not otherwise be able to handle themselves.

2. Net Profit – Revenue collected on products and services purchased by, or on behalf of, client, less Cost of Goods Sold (kit cost, MRO, shipping, and collection fee if outside your territory). Note that you do not receive a collection fee if inside your territory – you receive 75% of net profit instead.

NOTE: You will pay royalties and Ad Fund on the net profit you receive.

*Franchisor-Secured** NRS Account Handled Through Corporate TPA[1]

You receive 75% of Net Profits[2] from services provided inside your territory

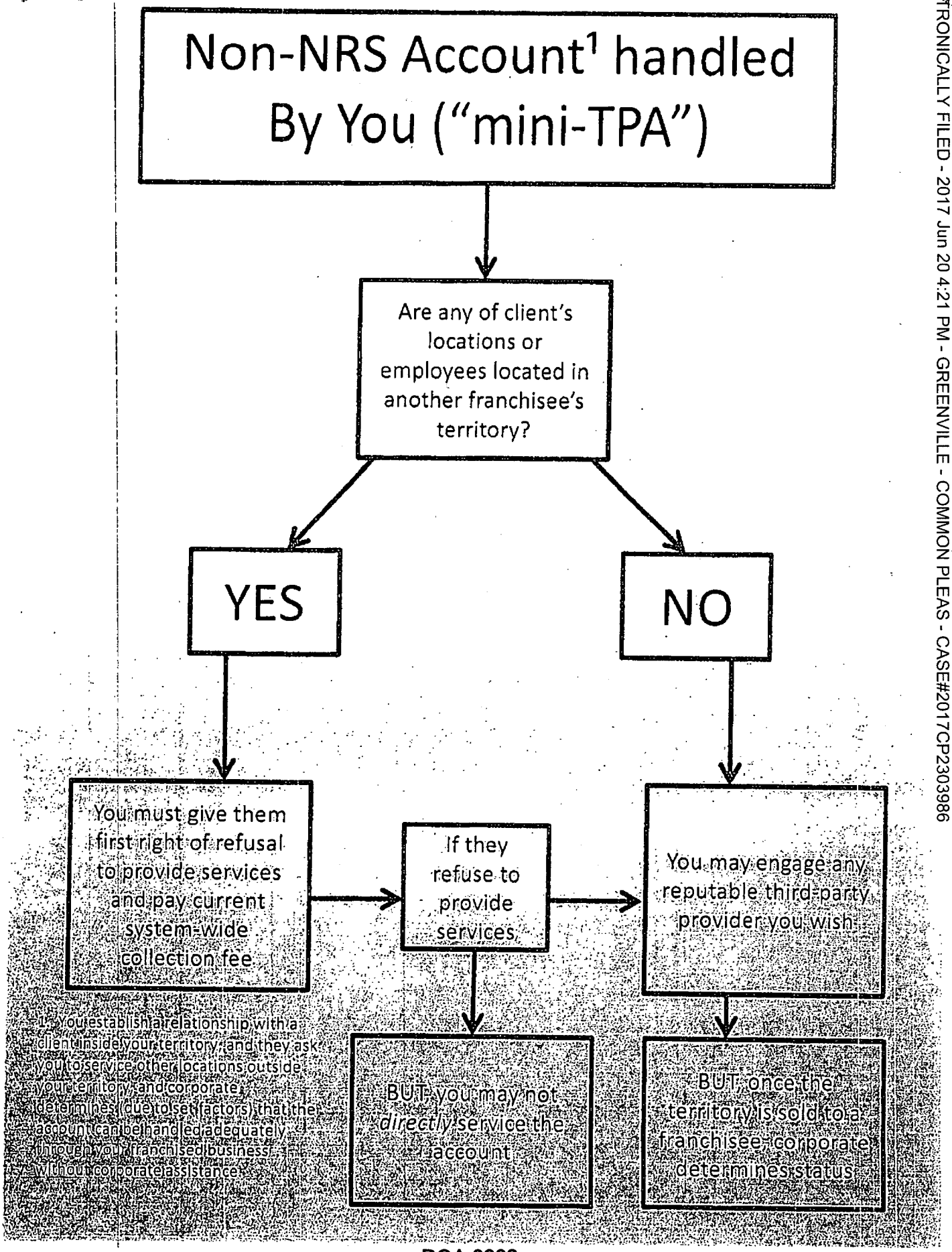
*We reserve the right to market directly to, solicit, and establish NRS accounts (as defined here and in the Operations Manual) for the benefit of the entire system, no matter where they are located. (See Item 12 of FDD)

1. Corporate TPA – AFG handles all designated NRS accounts through the Corporate Third-Party-Administrator Program it runs for the benefit of the franchisees, in order to handle large or complex accounts which franchisees would not otherwise be able to handle themselves.

2. Net Profit – Revenue collected on products and services purchased by, or on behalf of, client, less Cost of Goods Sold (kit cost, MRO, shipping, and collection fee if outside your territory). Note that you do not receive a collection fee if inside your territory – you receive 75% of net profit instead.

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AOS | arcpoint Occupational Solutions

SERVICE AGREEMENT

ARCPOINT OCCUPATIONAL SOLUTIONS

This Service Agreement ("Agreement") is entered into on _____, by and between _____("Franchisee"), and ARCpoint Occupational Solutions, LLC ("AOS"), a South Carolina limited liability company located at 233 North Main Street, Suite 200, Greenville, SC 29601.

AOS is in the business of providing to employers ("Clients") third-party administration of occupational screening program management ("Services"). Franchisee desires, as an Independent Contractor, to engage with AOS to maintain and service _____ ("Clients") account(s) on the terms and conditions of this Agreement as follows:

Section I: Services

1.1 **Franchisee Duties**. Franchisee agrees to maintain and service Client(s) as specified and described in **Exhibit A** attached hereto. Franchisee shall take all reasonable steps to facilitate the delivery of Services to Client(s) as described in **Exhibit A**. Franchisee shall under this Agreement remain in full compliance with all applicable federal, state and local laws and regulations, and in accordance with industry standards.

1.2 **Franchisee Initial Client(s) Screen.** Franchisee shall, at all times, submit a Partnership Inquiry Form in **Exhibit D**, to AOS personnel for new Client(s) screening. AOS will evaluate and review the Inquiry Form and determine the business opportunity. AOS will not be able to communicate with Franchisee if a Partnership Inquiry Form is not submitted for new Client(s).

1.3 **Qualifications of Franchisee**. Franchisee, must at a minimum, be DOT (UA) Certified, DOT (BAT) Certified and must be ARC trained or otherwise provide proof of training. Franchisee is to maintain, as applicable, the appropriate licenses and certifications necessary to carry out the duties set forth in **Exhibit A**.

1.4 **Service Provided by AOS.** AOS was formed to facilitate National/Regional/State ("NRS")[1] clients, as a third-party administrator. Our franchisees, Affiliate Labs, and, when there are no franchisees or Affiliate Labs available, third-party service providers, provide direct screening services for the client and AOS provides all administrative, sales, support and customer service for the accounts.[2]

AOS agrees to provide Services described in **Exhibit B** attached hereto and perform additional duties as applicable. AOS shall take all reasonable steps to facilitate the delivery of Services to Franchisee as described in **Exhibit B**. AOS shall provide all Services under this Agreement in full compliance with all applicable federal, state and local laws and regulations, and in accordance with industry standards.[3]

---

[1] National/Regional/State ("NRS") accounts shall be determined ARCpoint Home Office per account basis.

[2] AOS reserves the right to market directly to, solicit, and establish NRS and Government accounts for the benefit of the entire system, provided the account meets the criteria as set out in Franchise Agreement and Operations Manual.

[3] Prior to establishing an account, AOS shall communicate business opportunities to corresponding Franchisees, based on territory Ownership, and should Franchisee, verbally and/or in writing, refuse to collaborate and service NRS accounts under AOS management, AOS will proceed accordingly. Franchisee shall be restricted to an ongoing 1% in commissions, regardless of Gross Margin per Exhibit C.

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1.5 **Qualifications of AOS Personnel**. AOS personnel providing Services shall at all times, throughout the term of this Agreement, maintain appropriate licenses and certifications necessary to carry out the duties.

1.6 **AOS Insurance**. During the term of this Agreement, AOS shall maintain professional liability insurance coverage for itself and its employees providing Services in the amounts specified by AOS from time to time. AOS shall also maintain worker's compensation insurance coverage sufficient to meet the coverage requirement established by the State of South Carolina.

1.7 **Franchisee Insurance.** During the term of this Agreement, Franchisee shall maintain professional liability insurance coverage against claims for negligence in connection with the performance of services hereunder, 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; and name AOS as an additional insured, and furnish proof of insurance to AOS within 30 days of entering into this Agreement and then annually at the same time each year thereafter.

1.8 **Communication Protocol**. AOS will respond to any performance-related issue raised by Franchisee within a period of 48 business hours of receipt of notification of the issue. Notification will consist of a phone call to AOS and written correspondence, e-mail or fax to Compliance and shall escalate to President as deemed necessary.

1.9 **Account Jurisdiction.** The AOS software platform automates collection sites for a Client based on distance/mileage (radius) upon Client's request:

a. If Client indicates interest in being serviced in a particular geographical area, AOS will drive collections to the closest ARCpoint Labs in the area, as long as the ARCpoint facility is capable of servicing the account.

b. If Franchisee is not able to service the account, AOS shall default to the nearest collection site based on Client's preferred radius.

c. If Client indicates interest in a particular ARCpoint Labs for collection, AOS shall update the software platform to automate the ARCpoint Labs as the default collection site for Client.

d. Upon Client's request, Section 1.9 Account Jurisdiction terms and conditions are subject to change and Franchisee understands that the Client will dictate what is in its best Interest.

Section II: Term and Termination

2.1 **Term and Renewal**. This Agreement shall commence on the Effective Date and shall continue for a three (3) year term, and shall terminate on _____ unless otherwise terminated under Section 2.2. This Agreement will renew for a successive three (3) year term, upon an AOS re-evaluation. Should the Franchisee provide appropriate notice requesting to terminate this Agreement (refer to section 2.2), AOS shall thereafter manage the account and Franchisee will revert to a one (1%) percent revenue share.

2.2 **Default/Termination**. This Agreement shall immediately and automatically terminate upon the occurrence of any of the following:

a. Mutual termination by written agreement;
b. Expiration of Agreement;

c. AOS breaches this Agreement and fails to commence reasonable efforts to cure breach within thirty (30) days after receiving written notice identifying the breach, Franchisee may elect to terminate Agreement;
d. Franchisee's guilty plea to a felony or conviction of a felony;
e. Convicted of any criminal offense that will harm business relations;
f. Franchisee's use of illegal substances;
g. Franchisees failure to comply with duties under **Exhibit A,** and fails to remedy within ten (10) business days. AOS reserves the right to adjust compensation accordingly.
h. Three or more breaches by Franchisee of this Agreement within any twelve (12) month period regardless of whether such breaches were cured after notice;
i. Franchisee's loss of franchise rights with ARCpoint Franchise Group, LLC ("AFG");

Franchisee's violation of any AOS policies or procedures, engagement in conduct injurious to AOS, or breach of this Agreement, provided that AOS first gives written notice of the breach and allows Franchisee thirty (30) days to cure upon receipt of the notice. If the Franchisee fails to cure the breach after thirty days, AOS may immediately terminate the Agreement.

2.3 **Confidential Information**. Franchisee agrees that all Confidential Information, whether embodied in electronic media or other forms, or copies thereof, is the property of AOS exclusively. Confidential Information includes, but is not limited to, all information AOS receives from Clients or third parties that is not generally known to the public or is subject to a confidentiality agreement. Franchisee agrees that upon the termination of his/her relationship with AOS, Franchisee will return to AOS all Confidential Information, AOS property, and customer/client property, in any form, including but not limited to hard copy and electronic form, and in any media in which such information is recorded or stored. Franchisee agrees that Franchisee acquires no property rights or claim to the Confidential Information or any other property of AOS or its customers/clients. Franchisee agrees that in the event Franchisee retains any Confidential Information or any other AOS property after termination, in addition to any other remedies AOS may have, AOS shall deduct the value of said amounts from Franchisee's last payment(s) in accordance with applicable law. Further, Franchisee shall be responsible for any amounts owed that are not covered by Franchisee's last payment(s).

The parties may share Confidential Information only with employees on a need to know basis, or as reasonably necessary to share with legal, tax, accounting, or insurance advisors, or in response to a discovery request, summons, subpoena, or court order.

Section III: Compensation

3.1 **Compensation to Franchisee**.

a. In consideration for the local services provided, AOS shall pay the Franchisee Fair Market Value for participation, management and collections in their territory. See **Exhibit C** for details.

b. In consideration for the services provided, AOS shall pay Franchisee a commission for national accounts to the franchisee that will start at **three (3%)** percent when the Gross Profit Margin is at least at fifteen (15%) percent. See **Exhibit C** for details. During the term of this agreement, Franchisee will receive a fixed compensation rate and mailed a check within thirty (30) business days upon receipt of client payment.

c.

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Franchisees failure to comply with duties under **Exhibit A,** is a breach to this Agreement and Franchisee shall be notified in writing and given ten (10) business days to cure. AOS reserves the right to adjust compensation accordingly.

d. Franchisee consents to AOS's full disclosure to AFG of all payments made by AOS to Franchisee.

3.2 **Franchisee Collection Invoices: Excluding terms per Section 3.1(b), AOS shall pay collection fees to Franchisee, within 60 day(s) upon receipt of Franchisee Invoice.**

3.3 **Default in Payment**. Shall AOS not remit Compensation payment within thirty (30) business days, upon receipt of client payment, AOS shall bear interest at the rate of eighteen percent (18%) per annum.

3.4 Submission of Invoices. Invoices submitted six (6) months beyond the date of services may not be considered valid invoices for payment and may be rejected.

3.5 Transferability of Interest. If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity, the following shall supersede:

a. All obligations of Franchisee to ARCpoint Occupational Solutions must be fully paid and satisfied;

b. New entity expressly assumes the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. Compensation shall be transferable, however; it shall be held to a ninety (90) days performance evaluation period. Compensation may be subject to change, should Franchisee not uphold performance requirements per Client and this Service Agreement;

c. New Entity shall provide ARCpoint Occupational Solutions billing department, Chanda McAbee (CMcAbee@arcpointlabs.com), a completed W-9 IRS Form (Request for Taxpayer Identification Number and Certification) and Certificate of Insurance for any compensation herein. Commissions will not be released without receipt of any and all proper documentation.

3.6 Account Re-evaluation. Upon ONE HUNDRED AND EIGHTY (180) BUSINESS DAY(S) from Effective Date of AOS Service Agreement, AOS shall re-evaluate Franchisee performance/participation (Exhibit A) and account progression. Any and all findings will be discussed with Franchisee and AOS shall provide the next steps to follow. Agreement may be amended accordingly.

Section IV: Restrictive Covenants

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;

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b. **Non-Solicitation of AOS Employees**. During Franchisees relationship with AOS and for a period of twelve (12) months from the date Franchisee's relationship with AOS terminates, Franchisee shall not for any reason, whether such termination is voluntary or involuntary, solicit, divert, or attempt to solicit or divert, from an AOS employee or any person providing services to or on behalf of AOS, or influence any such person to no longer serve as an employee of or provide services to or for AOS.

c. **Mutual Non-Disparagement.** (a) AOS and Franchisee agree that, during the term and thereafter of this Agreement, neither, directly or indirectly, in any capacity or manner, make, express, transmit speak, write, verbalize or otherwise communicate in any way (or cause, further, assist, solicit, encourage, support or participate in any of the foregoing), any remark, comment, message, information, declaration, communication or other statement of any kind, whether verbal, in writing, electronically transferred or otherwise, that might reasonably be construed to be derogatory or critical of, or negative toward, the Company or any of its directors, officers, Affiliates, subsidiaries, employees, agents or representatives (collectively, the "Company Representatives"), or that reveals, discloses, incorporates, is based upon, discusses, includes or otherwise involves any confidential or proprietary information of the Company or its subsidiaries or Affiliates, or to malign, harm, disparage, defame or damage the reputation or good name of the Company, its business or any of the Company Representatives.

4.2 **Irreparable Harm**. Franchisee acknowledges that AOS has a legitimate need to protect itself from improper or unfair competition and to protect its Confidential Information, as well as AOS's existing customer/client relationships with its existing customers/clients, and that the restrictions contained in this Agreement are reasonable and necessary to protect AOS's operations, legitimate competitive interests, and Confidential Information. Franchisee also recognizes the highly competitive nature of AOS's business and that irreparable harm would be caused by Franchisee's violation of the restrictions contained herein.

Section V: Independent Contractor

5.1 **Independent Contractor**. AOS and Franchisee are independent contractors to each other. Neither AOS nor Franchisee is an agent, fiduciary, partner, employee, or a participant in a joint venture, and neither AOS or Franchisee has the authority to hold out as such to third parties. Franchisee does not have any authority to bind or obligate AOS. AOS is not and will not be liable for any act, omission, debt, or other obligation of Franchisee.

5.2 Franchisee shall be solely responsible for Franchisee's own taxes. Unless approved by AOS in writing, Franchisee shall not be entitled to any other compensation or fringe benefit of any kind from AOS including, but not limited to, travel (negotiable), food, or entertainment expenses and salaries.

Section VI: Mutual Indemnification Clause

6.1 **Indemnification**. Franchisee and AOS, collectively "Parties", shall defend, indemnify, and hold harmless the other Party, including and not limited to its agents, officers, directors, shareholders, contractors, personnel, and employees from all liability, claims, expenses and damages, including reasonable attorneys' fees, arising from a breach of any of the terms of this Agreement or from the negligence or willful wrongdoing of Parties. AOS shall bear no responsibility for the acts or omissions of Franchisee that are beyond the scope of this Agreement, are in breach of this Agreement, or are in violation of applicable federal or state laws or regulations.

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Section VII: Governing Law

7.1 **Force Majeure**. Neither party shall be liable for failure to perform any duty or obligation under this Agreement if the failure was due to any act of God, fire, strike, inevitable accident, war, or any cause outside the reasonable control of the party who had the duty to perform.

7.2 **Assignment**. Neither party may assign this agreement or any of their rights or obligations under this agreement without the prior written consent of the other party.

7.3 **South Carolina Law.** South Carolina law governs this Agreement and any claims arising out of or related to this Agreement or any of the dealings of the parties ("Claims").

7.4 **South Carolina Venue.** The parties agree that as to any Claims, venue will be proper solely in the state or federal courts located in or nearest to AOS headquarters, presently in Greenville, South Carolina.

7.5 **Jury Waiver.** The parties agree to waive the right to a jury trial as to any Claims and to instead have such action tried by a judge.

7.6 **No Class Actions.** Franchisee agrees that it shall bring any Claims, if at all, individually and not bring, join, or participate in a class action as to such Claims.

7.7 **Compensatory Damages.** The parties agree to waive their rights, if any, to seek or recover punitive damages as to any Claims.

7.8 **Alternative Dispute Resolution.** The Parties will attempt in good faith to resolve any dispute or claim arising out of or in relation to this Agreement through negotiations between an independent committee formed of AFG executive representatives, one or two Franchisees, and an AOS staff member with authority to settle the relevant dispute. The Committee will listen to all parties and formulate and unbiased recommendation and/or determination in the best interest of all parties. If the dispute cannot be settled amicably within fourteen (14) days from the date on which either Party has served written notice on the other of the dispute, then the remaining provisions shall apply:

In the event of a dispute arises concerning the interpretation of any provision of this agreement or the performance of any of the terms of this Agreement, such matter or matters in dispute shall be finally settled by an Arbitrator, and costs shall be divided amongst the Parties.

i. **Governing Law.** All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement, all relations between the parties, and any and all disputes between the parties, whether sounding in contract, tort or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of South Carolina, without recourse to South Carolina (or any other)choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of South Carolina, and if the franchised Business is located outside South Carolina and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 18.08 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of South Carolina or any other state, which would not otherwise apply.

ii. **Arbitration**. Controversies, disputes, claim, and matters in question arising between you and us, arising out of, or relating to this Agreement or the breach thereof or our and your relationship, shall be decided by arbitration in accordance with the then current Commercial Arbitration rules of the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in the county where our then current headquarters is located, and shall be governed by the Federal Arbitration Act, and shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof, including a federal district court, pursuant to the Federal Arbitration Act. The fees and expenses of the arbitrator shall be shared equally by both parties. In preparation for the arbitration hearing, each party may utilize all methods of discovery authorized by the Federal Rules of Civil Procedure, and may enforce the right to such discovery in the manner provided by said Rules.

Section VIII: Miscellaneous

8.1 **Severability**. If any provision of this Agreement is found to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties shall, if possible, agree on a legal, valid, and enforceable, substitute provision that is as similar in effect as possible to the deleted provision. The remaining portion of the Agreement shall remain valid and effective for the term remaining unless the provision found illegal, invalid, or unenforceable goes to the essence of this Agreement.

8.2 **Survival**. The terms and conditions of this Agreement which by their nature may require performance after the Termination of this Agreement shall continue and survive the termination or expiration hereof.

8.3 **Amendments**. The terms and condition of this Agreement may be amended only by mutual written agreement of the parties hereto.

8.4 Notice. Any notice required or implied by this Agreement shall be sufficient if given by personal delivery, certified mail, return receipt requested, e-mail, or facsimile to the persons and at the addresses listed below or such other persons and addresses as shall be communicated to the other party by the party to whom notice is intended to be given:

AOS: Chris Williams
ARCpoint Occupational Solutions
233 North Main Street
Suite 200
Greenville, SC 29601

Franchisee: _____
_____
_____
_____

8.5 **Counterparts**. This Agreement may be signed in counterparts, each of which shall be considered valid and enforceable as an original.

8.6 **Entire Agreement**. This Agreement contains the entire Agreement and understanding of the Parties regarding the subject matter herein and supersedes any and all prior agreements, understandings, and arrangements, written or oral, between the Parties regarding this subject matter. This Agreement may only be amended in writing and signed by both Parties.

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IN WITNESS WHEREOF, the parties agree to the above Terms and Conditions on the date first set forth above.

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ARCpoint Occupational Solutions, LLC

Christopher E. Williams, President

_____

Franchisee Entity:

By:

Title:

_____

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EXHIBIT A

Franchisees Duties to Clients

1. Franchisee shall contact client no less than on a quarterly basis to assess clients' needs are being met. Furthermore, any client issues shall be communicated to AOS, and parties will work together for a prompt resolution.
2. Franchisee shall set up business meetings, webinars, conference calls and follow up with necessary correspondence via email, mail and/or fax.
3. Franchisee shall gather all client details for proposals, as set forth in attached "Partnership Inquiry Form" and other specifics set forth by AOS.
4. Franchisee shall provide onsite training for Supervisor Signs and Symptoms Classes, upon client(s) request(s). AOS shall have the first right of refusal and proceed accordingly to meet the client's needs, should Franchisee not be available to perform the onsite training.
5. Franchisee will be responsible for being active in the collection process for past due accounts. In order to facilitate Franchisees assistance in this process, AOS will provide franchisees the statements and invoices for any and past due accounts.
6. Franchisee shall maintain and service client(s) as deemed applicable set forth by this Service Agreement.

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EXHIBIT B

AOS Duties to Franchisee

1. AOS shall make every reasonable attempt to contact Franchisee in the business development process, if AOS is aware of a business venture in Franchisee's territory. Franchisee must be in good standing with ARCpoint.
2. AOS shall be accountable in making sure client turns in up-to-date random rosters. Additionally, AOS shall load rosters in I3Screen and/or approved software.
3. AOS shall obtain a User login for any and all approved software by AOS, used to service client(s) and assist in monitoring any random testing through the approved software portal.
4. AOS shall provide ARCpoint Franchise group ("AFG") with its client list every six (6) months for ARCpoint Franchisee database.
5. AOS will locate, implement protocols and set up sites.
6. AOS will ensure billing and resulting are set up properly.
7. AOS will supply sites with proper forms and materials for client requested testing. AOS will incur partial cost.
8. When outsourcing collection and testing needs, AOS will contact Franchisee (Owner of account) and Franchisee (performing the collection), to work towards accommodating the client's needs.
9. Shall any of the ARCpoint Labs locations not be able to offer services based on client's needs, AOS will outsource the work to a third party.
10. AOS will set up accounts set up in any and all approved software, and franchisee labs.
11. AOS shall Demo software to potential clients.

12. AOS shall train clients on software.

13. AOS will set up the type of testing needed by employers for exams and drug testing.

14. AOS shall inform client of any non-compliance or non-testing issues.

15. AOS will control storage, viewing and resulting capabilities.

16. AOS will handle the billing for any and all AOS clients.

17. AOS shall service Client(s) as applicable.

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EXHIBIT C

Commission Structure Protocols

AOS will review the opportunity and will layout the volume, revenues and Gross Margin Opportunities for the potential Client. AOS will review the local and national commission structure based on many variables (ex. Volume, billing, participation, margins, etc..)

AOS will evaluate each account, separately, and discuss with Franchisee a gross revenue share for national commissions that start at three (3%) percent, with a minimum fifteen (15%) GPM Revenue share will increase based on the gross profit margins.

AOS and franchisee will review the opportunity and revenue share for final contract addendum for that client.

AOS and franchisee will review contract after 180 days for revaluation of participation, volumes and revenues for additional adjustments.

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EXHIBIT D

Partnership Inquiry Form

STATE OF SOUTH CAROLINA
SFAA, DIV. OF PROCUREMENT SERVICES, MMO
1201 MAIN STREET, SUITE 600
COLUMBIA SC 29201

Intent to Award
Posting Date: February 15, 2017

Solicitation: **5400012124**
Description: **STATEWIDE DRUG TESTING & BACKGROUND SCREENING.**
Agency: **Statewide Term Contract**

The State intends to award contract(s) noted below. Unless otherwise suspended or canceled, this document becomes the final Statement of Award effective **8:00 am, February 27, 2017.** Unless otherwise provided in the solicitation, the final statement of award serves as acceptance of your offer.

Contractor should not perform work on or incur any costs associated with the contract prior to the effective date of the contract. Contractor should not perform any work prior to the receipt of a purchase order from the using governmental unit. The State assumes no liability for any expenses incurred prior to the effective date of the contract and issuance of a purchase order.

CERTIFICATES OF INSURANCE COVERAGE TO BE FURNISHED PRIOR TO COMMENCEMENT OF SERVICES UNDER CONTRACT.

Any actual bidder, offeror, contractor, or subcontractor who is aggrieved in connection with the intended award or award of a contract shall protest within ten days of the date notification of award is posted in accordance with this code. A protest shall be in writing, shall set forth the grounds of the protest and the relief requested with enough particularity to give notice of the issues to be decided, and must be received by the appropriate Chief Procurement Officer within the time provided. [Section 11-35- 4210]

PROTEST - CPO ADDRESS - MMO: Any protest must be addressed to the Chief Procurement Officer, Materials Management Office, and submitted in writing
(a) by email to protest-mmo@mmo.sc.gov ,
(b) by post or delivery to 1201 Main Street, Suite 600, Columbia, SC 29201.

Contract Number: 4400015404
Awarded To: ARCPOINT OCCUPATIONAL SOLUTIONS LLC (7000243633)
220 NORTH MAIN STREET SUITE 325
GREENVILLE SC 29601

Total Potential Value: $ 50,925,135.00
Maximum Contract Period: February 27, 2017 through February 26, 2022

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PLAINTIFF'S EXHIBIT
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Lot 1-Urine Drug Testing Panels

ITEM NUMBER	ITEM DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1	***5 Panel DOT & Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *designated collection facility*	Each	$23.52
2	***5 Panel DOT & Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *on-site facility*	Each	$23.52
3	***7 Panel Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *designated collection facility*	Each	$24.12
4	***7 Panel Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *on-site facility*	Each	$24.12
5	***9 Panel Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *designated collection facility*	Each	$26.35
6	***9 Panel Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *on-site facility*	Each	$26.35
7	***10 Panel Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *designated collection facility*	Each	$27.00
8	***10 Panel Non-DOT Drug Testing**-Urine Testing cost per specimen including collection at *on-site facility*	Each	$27.00
9	****MRO Review for negative tests (RFP includes MRO for positive review)**	Each	$1.98
10	**Litigation Package**	Each	$199.00

Lot 2-Breath Alcohol Testing

ITEM NUMBER	ITEM DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1	**DOT & Non-DOT Alcohol Testing:** Testing price per breath test at **designated collection facility**	Each	$27.50
2	**DOT & Non-DOT Alcohol Testing:** Testing price per breath test at **on-site facility.**	Each	$38.50
3	**DOT & Non-DOT Alcohol Testing:** Emergency on-site **without advanced notice**	Each	$137.50
4	**Litigation Package**	Each	$199.00

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Lot 3-Hair/Nail and Oral Drug Testing Panels

ITEM NUMBER	ITEM DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1	***5 Panel Drug Screening-Hair/Nail-** Testing cost per specimen including collection at ***designated collection facility***	Each	$30.80
2	***7 Panel Drug Screening-Hair/Nail**-Testing cost per specimen including collection at ***designated collection facility***	Each	$41.80
3	***9 Panel Drug Screening-Hair/Nail**-Testing cost per specimen including collection at ***designated collection facility***	Each	$49.50
4	***10 Panel Drug screening-Hair/Nail**-Testing cost per specimen including collection at ***designated collection facility***	Each	$55.00
5	***5 Panel Drug Screening-Oral-** Testing cost per specimen including collection at ***designated collection facility***	Each	$30.80
6	***7 Panel Drug Screening-Oral**-Testing cost per specimen including collection at ***designated collection facility***	Each	$33.00
7	***9 Panel Drug Screening-Oral**-Testing cost per specimen including collection at ***designated collection facility***	Each	$35.20
8	***10 Panel Drug screening-Oral**-Testing cost per specimen including collection at ***designated collection facility***	Each	$37.40
9	**MRO Review for negative & positive results (RFP includes MRO for positive only)	Each	$1.98
10	**Litigation Package**	Each	$199.00

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Lot 4-Field Testing & Supplies

ITEM NUMBER	ITEM DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1	Rapid 5 Panel Drug Screening-Urine	Each	$1.65
2	Rapid 7 Panel Drug Screening-Urine	Each	$1.76
3	Rapid 9 Panel Drug Screening-Urine	Each	$2.15
4	Rapid 10 Panel Drug screening-Urine	Each	$2.42
5	5 Panel Drug Screening-Oral	Each	$5.50
6	7 Panel Drug Screening-Oral	Each	$6.33
7	9 Panel Drug Screening-Oral	Each	$6.88
8	10 Panel Drug screening-Oral	Each	$7.43
9	*5 Panel Drug Screening-Hair or Nail	Each	$58.30
10	*7 Panel Drug Screening-Hair or Nail	Each	$69.30
11	*9 Panel Drug Screening-Hair or Nail	Each	$77.00
12	*10 Panel Drug screening-Hair or Nail	Each	$82.50
13	**Confirmation of positive for Rapid Screenings	Each	$20.00

Lot 5- Criminal Background Screening

ITEM NUMBER	ITEM DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1	Basic State Criminal Background Check for state employees or students-7 year	Each	$15.59
2	Basic State Criminal Background Checks for state employees or students-10 year	Each	$15.59
3	E-Verify	Each	$2.10
4	Education Verification	Each	$10.70
5	Employment Verification (10 years)	Each	$10.70
6	State Civil Suits & Judgements	Each	$11.77
7	Federal Civil Suits & Judgements	Each	$10.70
8	Federal District Criminal Records Check	Each	$6.40
9	National Criminal Records Check	Each	$4.25
10	State Criminal Records Check	Each	$7.47
11	County Criminal Records Check	Each	$6.40
12	National Sex Offender	Each	$3.17
13	State Sex Offender	Each	$3.17
14	Government Watch/Patriot Act Search	Each	$3.17
15	Office of Foreign Assets Control (OFAC) Terrorist Search	Each	$3.17
16	Social Security Number Validation	Each	$2.10
17	Office of Inspector General	Each	$3.17
18	Motor Vehicle/Driving Record	Each	$2.69
19	Professional/Personal References	Each	$11.77
20	Professional License and Certification	Each	$11.77

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	Ver.		
21	SC Commission on Lawyer Conduct	Each	$11.77
22	Credit Report- 7 Year	Each	$5.38
23	Fraud & Abuse Control Info Systems Search	Each	$3.17

Lot 6-Training

ITEM NUMBER	ITEM DESCRIPTION	UNIT OF MEASURE	UNIT PRICE
1	Educational/Material Training Printed Packets	Each	$4.99
2	Educational/Material Training Online Packets (Agency download and print)	Each	$4.99
3	Supervisor Training on Signs and Symptoms and Federal Regulations Printed Packets	Each	$4.99
4	Supervisor Training on Signs and Symptoms and Federal Regulations Online Packets (Agency download and print)	Each	$4.99
5	Train the Trainer on Teaching Effects on Drugs and Alcohol to employees	Each	$4.99
6	Educational material/printed packets for Train the Trainer	Each	$4.99
7	Educational material/online packets for Train the Trainer	Each	$4.99

Procurement Officer
JO MARIE BROWN,CPPO,CPPB

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SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS

TO: ARCPoint Labs of Florence

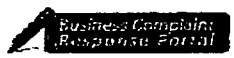
FROM: Consumer Services Division

DATE: May 25, 2017

RE: Online Complaint System Sign-Up Instructions

Enclosed is a complaint that the South Carolina Department of Consumer Affairs (SCDCA) received concerning your company. For your convenience, SCDCA now has an online complaint system where you may respond to complaints. You can sign up for this by:

1. Going to www.consumer.sc.gov
2. Click on "Business/Industry Information" 

3. Click on "Business Complaint Response Portal" 

4. Click on "Register For An Account" 

5. Entering your "Business ID" and the "Complaint Number" (See Below)

You will then be prompted to enter in your preferred contact information, and to create a username and password. This information will be used to access your newly created account. Once you log in with your new username and password, you will be able to view and respond to any complaint filed against your business.

We encourage you to use this system. It will be easier and quicker for you to respond to complaints, check the status of complaints and to correspond with your assigned analyst. If you have any questions and/or concerns about the on-line system, please contact the assigned Complaint Analyst noted below.

If you do not wish to use this system, you can file your response using the enclosed Business Response form. With either method, we request a response within twenty days.

Your attention to this matter is appreciated.



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May 18, 2017

RECEIVED
MAY 19 2017
Referred to KatIPB
Answered

The Honorable Alan Wilson
Attorney General
P. O. Box 11549
Columbia, SC 29211

Dear Mr. Wilson:

I am writing to your office because I don't know anyone else to contact, and I know of your reputation for honesty. I am involved in a situation (indirectly) that seems hopeless. My niece, [redacted], is involved in a child custody case, but that is not the issue I want to address. Her attorney is Court Appointed Mr. Ingram in Cheraw. The former husband is represented by The Honorable Speaker of the House Jay Lucas. Lindsay was ordered, following a mediation in March 2017, to have a drug test. Both parents had the testing done at ARC Point in Florence, SC. The former husband's test results was immediately received; Lindsay's results were lost. Nobody in the Lab even remembered her being there. This, of course, puts her in Contempt of Court. She was ordered to return to this same lab for another Lab test (12 point) by May 17, 2017, which she did. This time, she took a witness with her; a 72 year old Aunt. She phoned ahead to be sure that she could pay (in cash, of course) and was told the cost was $250.00 for the 12 point lab test. When she and the Aunt got to the Lab, some Gentleman employee told her the charge was $460.00. Of course, a single Mother does not have this kind of cash; but the Aunt paid for it. This morning, I called the ARCPoint in Greenville, SC and was told that the cost for this Drug Panel is $85.00. I asked again if the employee in Greenville was sure of the price and she assured me she was reading from the charges schedule. My real problem here, other than the fact that I cannot find ANYONE who has ever been charged this much for a lab test for the presence of drugs, is that this lab was awarded a $51,000,000.00 contract by the State of SC through the SC State Fiscal Accountability Authority. Their clientele is guaranteed through the Guardian ad Litems, etc. Since the future of single mothers and their children rides on this Lab, this complaint needs to be looked at.

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I deeply appreciate your looking at this issue. I don't know what is going on, but in my opinion, ARCPoint, Florence is gouging clients (at least some of them) and nothing is being done to stop it.
There is a great probability that I have sent this to the wrong office, but surely someone in Columbia bears some responsibility for foolishly spending $51,000,000 of the taxpayers money and not furnishing oversight.

Sincerely,

Barbara R Bryant

Barbara R. Bryant
725 Branhams Airport Rd
Darlington, SC 29532
843-393-3348

point

For More Info Call Toll Free: (866) 642-TEST (8378)

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Turnkey Onboarding & Compliance Support

Ensure your OSHA & DOT compliance with our turnkey program, including comprehensive occupational health & management services.

Regardless of your company's location or industry, if you are an employer, you must navigate the complexities of occupational health, including arranging for wellness screening and physicals, drug and alcohol testing, and specialized occupational health services.

ARCpoint Occupational Solutions (AOS) provides comprehensive occupational services from an extensive, nationwide network of health clinics. Our capabilities include, but are not limited to:

- Physical Exams
- Functional Capacity Testing (HPE)
- Vaccinations (including on-site services where available)
- Titers Testing
- Respiratory & Mask Fits
- DOT Drug & Alcohol Testing & Compliance
- HAZMAT/Asbestos Screening
- Merchant Mariner Exams
- TWIC Card Certification
- And additional health services available upon request

PLAINTIFF'S EXHIBIT 19 ALL-STATE® INTERNATIONAL



For your employees' convenience, many of our locations offer walk-in services, our Web Portal also enables easy online appointment scheduling for most services.

AOS is also fully-equipped to provide workplace and DOT drug and alcohol testing and program design. We can create and implement workplace testing programs to ensure compliance and meet any drug and alcohol need, including:

- Pre-Employment Testing, Including DOT

We provide a consolidated approach in setting up network sites, with one stop resulting, and billing. Our nationwide network saves you the

point

For More Info Call Toll Free: (866) 642-TEST (8378)

- Consortium Testing for DOT-Regulated Businesses
- DOT Audit Preparation
- Ensuring FMCSA, FAA, PHMSA, USCG, FTA & FRA Compliance
- Employment Background Screenings
- Management & Employee Training
- Drug & Alcohol Policy Evaluation & Assessment, Creation & Review, & Implementation

In addition to providing occupational health services and drug and alcohol testing, the AOS team understands the processes and requirements of employer testing needs, including regulations that pertain to testing in various industries. Our extensive experience ensures we can properly handle all of your service needs, such as:

- Reviewing job descriptions and consulting with HR to select necessary testing
- Documenting regulatory compliance, including adherence to OSHA and DOT standards
- Locating, protocoling, and setting up testing sites (including non-network sites as needed)
- Supplying sites with proper documentation (including customized and standardized forms)
- Providing drug collection and other testing materials and ensuring supplies are well-maintained to prevent testing delays
- Mitigating any site issues that arise, such as employee complaints, problems with specific clinics, or slow transmission of results
- Consolidating billing
- Resolution of disputes and billing discrepancies as needed

Web Design and Development by Turn The Page Online Marketing

inconvenience. **Please call (866) 642-TEST (8378)** for more information on ARCpoint Occupational Solutions and check back soon for updates.

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