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

Defendants ARCpoint Franchise Group, LLC f/k/a Accudiagnostics, LLC and ARCpoint Occupational Solutions, LLC, hereby move for an order dismissing Plaintiffs' Complaint and compelling arbitration of Plaintiffs' claims pursuant to Rule 12(b), SCRCP and the Federal Arbitration Act ("FAA"), 9 U.S.C. §1, *et seq*. As set forth below and supported by the attached exhibits, Plaintiffs were required to submit their disputes to binding arbitration and have failed to do so. Defendants would show the Court as follows:

The nine Plaintiffs in this lawsuit are ARCpoint franchisees. Defendant ARCpoint Franchise Group, LLC ("AFG") is the franchisor. Each Plaintiff entered into one or more separate

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Franchise Agreements with AFG. Each Franchise Agreement sets forth, among other matters, the rights and obligations with respect to the franchisee's protected territory. Plaintiffs allege in the Complaint that Defendant ARCpoint Occupational Solutions, LLC ("AOS") is an affiliate and/or division of AFG that competes with Plaintiff franchisees in their respective territories.

Plaintiffs' Franchise Agreements are attached to the Complaint as Exhibits 1 through 13.[1] In relevant part, each Franchise Agreement contains an arbitration provision governed by the Federal Arbitration Act ("FAA"), 9 U.S.C. §1, *et seq.*, that requires mandatory, binding arbitration for "all disputes arising out of or relating to this Agreement, to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties." Arbitration clauses that contain this "arising out of or relating to" language are considered broadly-worded and have application to all disputes that have a significant relationship to the contract, regardless of whether the claims arise out of the contract. *See* American Bankers Ins. Group, Inc. v. Long, 453 F.3d 623, 630 (4th Cir. 2006) (*citing* American Recovery Corp. v. Computerized Thermal Imaging, Inc., 96 F.3d 88, 93 (4th Cir. 1996).

Plaintiffs have asserted thirteen causes of action in the Complaint, each of which arises out of and has a direct and significant relationship to Plaintiffs' Franchise Agreements:

- Plaintiffs' first cause of action against AFG seeks a declaration that AFG breached the Franchise Agreements and that the Franchise Agreements are terminated as a result of AFG's alleged failure to cure.
- Plaintiffs' second cause of action for civil conspiracy alleges AFG and AOS conspired to materially alter the terms of Plaintiffs' Franchise Agreements.
- Plaintiffs' third, fourth, fifth, sixth, seventh and eighth causes of action for breach of contract and breach of contract with fraudulent intent allege AFG breached its Franchise Agreements in various particulars.

[1] Many of the Franchise Agreements attached to the Complaint are missing pages and signatures. Complete signed copies of those thirteen Franchise Agreements are attached to this motion as Exhibits 1 through 13.

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- Plaintiffs' ninth cause of action alleges AFG and AOS violated the South Carolina Unfair Trade Practices Act by entering into and then breaching the Franchise Agreements by competing against Plaintiffs in their respective franchise territories.

- Plaintiffs' tenth cause of action alleges AFG violated the South Carolina Unfair Trade Practices Act by breaching the Franchise Agreements by obtaining preferential pricing for AOS to compete against Plaintiffs in their respective franchise territories and by otherwise exercising its contractual rights under the Franchise Agreements to control suppliers to AFG franchisees.

- Plaintiffs' eleventh and twelfth causes of action for tortious interference with contract allege that AOS tortiously interfered with Plaintiffs' Franchise Agreements with AFG.

- Plaintiffs' thirteenth cause of action for tortious interference with business relations alleges that AFG interfered with relationships with suppliers to AFG franchisees by exercising its contractual rights under the Franchise Agreements to select and replace suppliers, to establish and conduct other businesses, and to sell products and services through alternate channels of distribution.

The arbitration provision, which can be found at Paragraph 23.7 of Exhibits 1 through 5, and Paragraph 22.7 of Exhibits 6 through 13, reads in its entirety as follows:

> **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 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.**

All of Plaintiffs' claims are premised on the existence and breach of each respective Franchise Agreement. Each Franchise Agreement contains an identical broadly-worded arbitration provision that mandates binding arbitration of the disputes raised in Plaintiffs' Complaint, and Plaintiffs have failed or otherwise neglected to submit to arbitration as required. Accordingly, Defendants respectfully request that the Court enter an Order compelling each Plaintiff to submit its claims to binding arbitration, dismissing Plaintiffs' Complaint, and for such other relief deemed appropriate.

This 20th day of July, 2017.

Respectfully submitted,

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ACCUDIAGNOSTICS FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 21 day of October, 2009, is by and between AccuDiagnostics Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 355 Woodruff Road, Suite403, Greenville, South Carolina 29607 ("Franchisor"), and _____, whose principal address is 1607 VILLAGE SQUARE BLVD #7 _____, an individual/partnership/corporation/limited liability company established in the State of FLORIDA ("Franchisee").

WITNESSETH:

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

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

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

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

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

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

1. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

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

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2.2 Approved Location

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

235 John Knox Rd
Tallahassee FL 32303

2.3 Approved Location Not Determined

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

2.4 Sub-franchising/Agents

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

2.5 Area of Primary Responsibility

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

See Attached Territory Study

2.6 Franchisor's Rights

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

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

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

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

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

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

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

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

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

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

2.7 Marketing and Solicitation Restrictions

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

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3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of _____THIRTY FIVE THOUSAND_____DOLLARS ($_35,000.00_). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Royalty Fee

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

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

The CAMPA Marketing Fund shall be used for the benefit of all franchisees and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute THIRTY FIVE HUNDRED DOLLARS ($3,500.00) for small market franchise and SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7500.00) for large market franchise to this fund when you execute the franchise agreement. An ongoing CAMPA fund of two percent (2%) of gross dales will be electronically deducted weekly. These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required. Franchisee not to pay this initial contribution.

3.4 Convention Fund

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

3.5 Technology Development and Software Fund

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

3.6 Electronic Transfer

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

3.7 Taxes

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

3.8 Interest

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

3.9 Application of Payments

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

4. TERM AND RENEWAL

4.1 Initial Term

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

4.2 Renewal Term

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

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

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

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

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

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

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

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

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

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

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other AccuDiagnostics Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have*

special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.

5.2 Failure to Select Site

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

5.3 Lease of Approved Location

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

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

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

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

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

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

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

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

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

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

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

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

5.4 Development of Approved Location

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

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

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

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

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

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

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

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5.5 Failure to Develop Approved Location

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

5.6 Opening

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

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

5.6.1.2 complete initial training to the satisfaction of Franchisor;

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

5.6.1.4 pay in full all amounts due to Franchisor;

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

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

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

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

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

5.7 Failure to Open

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

be a penalty.

5.8 Use of Approved Location

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

5.9 Relocation

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

6. MARKS

6.1 Ownership

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

6.2 Limitations on Use

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

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6.3 Notification of Infringements and Claims

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

6.4 Indemnification for Use of Marks

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

6.5 Discontinuance of Use

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

6.6 Right to Inspect

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

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6.7 Franchisor's Sole Right to Domain Name

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

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

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

7.2 Additional Developments

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

7.3 Exclusive Relationship

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

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

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

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

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

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

7.5 Reasonableness of Restrictions

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

8. TRAINING AND ASSISTANCE

8.1 Initial Training

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

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8.2 Opening Assistance

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

8.3 Failure to Complete Initial Training Program

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

8.4 New Designated Manager

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

8.5 Ongoing Training

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

9. MANUAL

9.1 Loan by Franchisor

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

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

9.2 Revisions to the Manual

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

9.3 Confidentiality of Manual

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

10. FRANCHISE SYSTEM

10.1 Uniformity

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

10.2 Modification of the System

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

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10.3 Variance

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

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 Accudiagnostics Sales Acceleration Program

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

11.2 Local Advertising

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

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

11.3 National Marketing Fund

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

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

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

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

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

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

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

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

11.4 Cooperative Advertising (CAMPA)

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

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

11.5 Internet Advertising

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

11.6 Telephone Directory Advertising

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

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

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

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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 third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month.

12.3 Financial Statements

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

12.4 Other Reports

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

12.5 Computer System

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

12.6 Right to Inspect

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

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12.7 Release of Records

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

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

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

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

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

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

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

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

13.2 Sales Quotas

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

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

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

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

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

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

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

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

13.3 Appearance and Condition of the Franchised Business

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

13.4 Ownership and Management

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

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

13.5 Contributions and Donations

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

13.6 Licenses and Permits

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

13.7 Notification of Proceedings

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

13.8 Compliance with Good Business Practices

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

13.9 Uniforms

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

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13.10 Best Efforts

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

13.11 E-Mail

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

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

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

14.2 National Accounts

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

14.3 Periodic Visits

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

15. INSURANCE

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15.1 Types and Amounts of Coverage

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

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

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

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

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

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

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

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

15.2 Future Increases

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

15.3 Carrier Standards

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

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

15.4 Evidence of Coverage

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

15.5 Failure to Maintain Coverage

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

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

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

16.2 Termination by Franchisor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

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

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

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

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

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

16.3 Reinstatement and Extension

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

16.4 Right of Franchisor to Discontinue Sales to Franchisee

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

16.5 Right of Franchisor to Operate Franchised Business

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

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17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

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

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

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

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

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

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

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

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

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

17.1.9 comply with all other applicable provisions of this Agreement.

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17.2 Post-Termination Covenant Not to Compete

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

17.2.1.1 to protect the trade secrets of Franchisor;

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

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

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

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

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

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

17.3 Unfair Competition

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

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17.4 Franchisor's Option to Purchase Certain Business Assets

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

17.5 Survival of Certain Provisions

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

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

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

18.2 Transfer by Franchisee to a Third Party

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18.3 Transfer to a Controlled Entity

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

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

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

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

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

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

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

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

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

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

18.4 Franchisor's Disclosure to Transferee

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

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18.5 For-Sale Advertising

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

18.6 Transfer by Death or Incapacity

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

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

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

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

19.2 Franchisor's Right to Purchase

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

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19.3 Non-Exercise of Right of First Refusal

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

20. BENEFICIAL OWNERS OF FRANCHISEE

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

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

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

21.2 Standard of Care

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

21.3 Indemnification

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

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

21.4 Right to Retain Counsel

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

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

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

22.2 Injunctive Relief

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

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22.3 Notices

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

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

22.4 Cost of Enforcement or Defense

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

22.5 Unlimited Guaranty and Assumption of Obligations

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

22.6 Approvals

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

22.7 Entire Agreement

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

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22.8 Severability and Modification

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

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

22.9 Construction

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

22.10 Force Majeure

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

22.11 Timing

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

22.12 Withholding Payments

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

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22.13 Further Assurances

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

22.14 Multiple Originals

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

23. DISPUTE RESOLUTION

23.1 Choice of Law

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

23.2 Consent to Jurisdiction

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

23.3 Cumulative Rights and Remedies

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

23.4 Limitations of Claims

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

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23.5 Limitation of Damages

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

23.6 Waiver of Jury Trial

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

23.7 Arbitration

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

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

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

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

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24.2 Consultation by Franchisee

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

24.3 True and Accurate Information

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

24.4 Risk

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

24.5 No Guarantee of Success

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

24.6 No Violation of Other Agreements

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

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

ACCUDIAGNOSTICS FRANCHISE GROUP, LLC

By: Felix Miranda

Name:

Title: President

FRANCHISEE: Ovepoint of Tallahassee, LLC
(type/print name)

By: Carrie E Norris

Name: CARRIE E. NORRIS

Title: PRESIDENT

[or, if an individual]

Signed:

Name printed:

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EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

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

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

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

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

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

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

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

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

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

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

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

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 4 day of December, 2009, by. LauLima Corp 15125 N. Meridian Rd, Tallahassee FL. 32312.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by AccuDiagnostics Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that LauLima Corp ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Carrie E. Norris
Personally and Individually (Printed Name)

C E Norris
Personally and Individually (Signature)

HOME ADDRESS

15125 N. Meridian Rd.
Tallahassee, FL. 32312

TELEPHONE NO.: 850-510-2902
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: 100 %

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

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

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

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

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

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

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Qulima Corp. 401K Pension Plan
Position/Title: _____
Home Address: 1512 S N. Meridian Rd.
Tallahassee, FL. 32312
Telephone No.: 850-385-4774
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: _____%

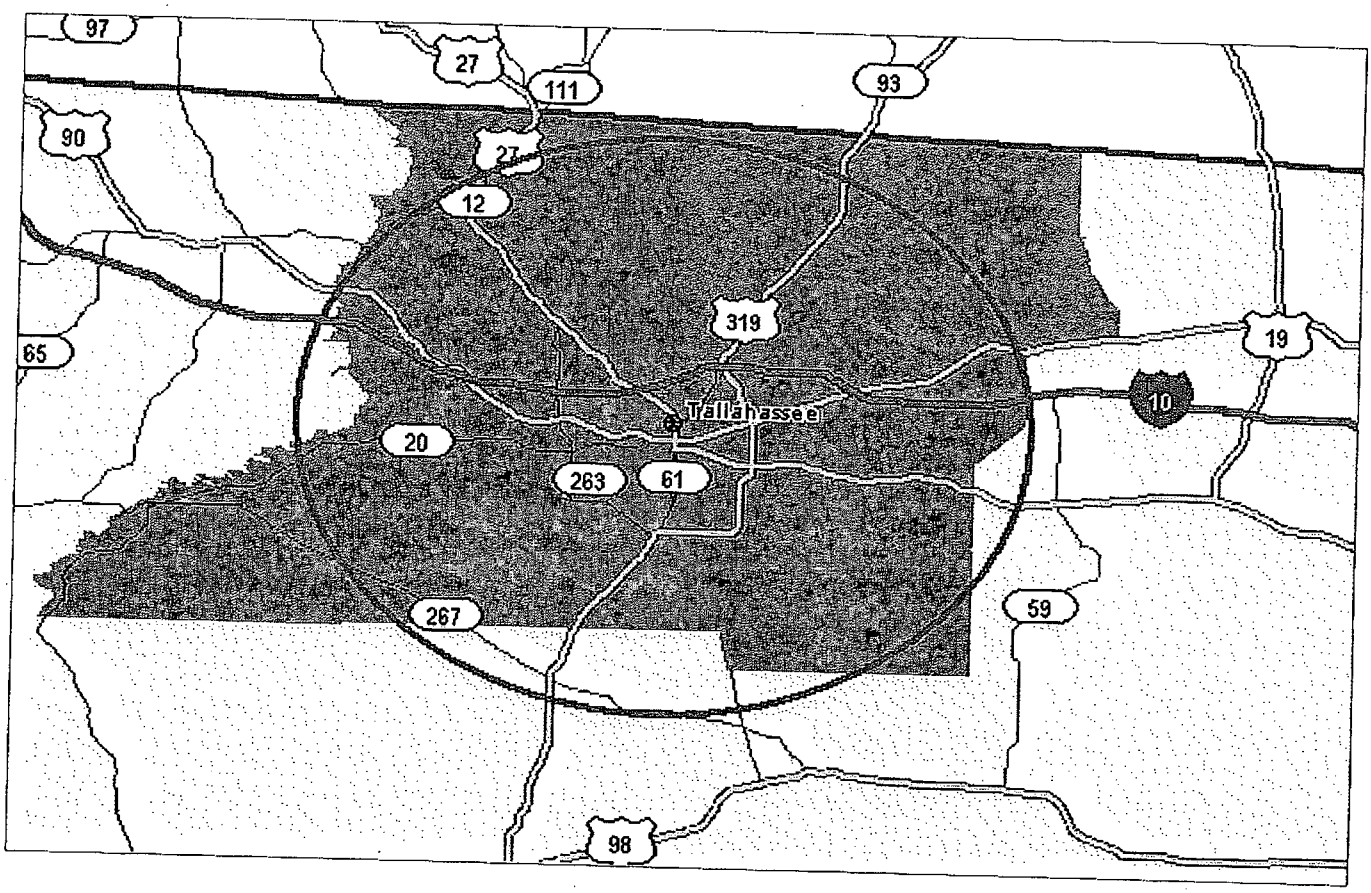
Officers and Directors:

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

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

AccuDiagnostics

Tallahassee, FL	Franchise Targets	Franchise Area
Population		262,415
Total Businesses		13,330
Select Businesses		6,540
Select 10 Businesses		1,188
Recommended Franchises		1
Average Population	250,000	262,415
Average Total Businesses	12,000	13,330
Average Select Businesses	6,000	6,540
Average Select 10 Businesses	1,000	1,188



Green Circle = 15 mile radius.

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ZIP5	ZC_LABEL	FRANCHISE	POP	HHD	INC_ZIP	TOTAL_BUS	TOTAL_EMP	SELECT_BUS	SELECT_EMP	SELECT_10E	SELECT_10EMP
32301	Tallahassee	FL007 Tallahassee	29,956	12,259	32,335	2,093	23,125	939	9,049	178	7,174
32302	Tallahassee	FL007 Tallahassee	0	0	0	332	6,588	169	3,981	58	3,729
32303	Tallahassee	FL007 Tallahassee	45,244	18,032	42,327	2,254	17,558	1,115	7,929	196	5,883
32304	Tallahassee	FL007 Tallahassee	39,528	16,272	17,497	950	10,104	419	5,677	90	4,862
32305	Tallahassee	FL007 Tallahassee	22,320	8,063	34,708	530	2,223	309	1,405	36	1,160
32306	Tallahassee	FL007 Tallahassee	789	0	0	83	11,981	59	11,162	35	11,278
32307	Tallahassee	FL007 Tallahassee	372	45	0	32	2,616	25	2,366	14	2,357
32308	Tallahassee	FL007 Tallahassee	21,861	8,802	58,124	1,666	16,547	896	10,824	198	10,006
32309	Tallahassee	FL007 Tallahassee	34,263	12,336	69,323	938	4,137	435	1,783	43	1,104
32310	Tallahassee	FL007 Tallahassee	9,775	3,549	23,811	517	3,428	303	2,232	44	1,619
32311	Tallahassee	FL007 Tallahassee	14,093	5,286	50,919	395	2,312	191	1,133	19	764
32312	Tallahassee	FL007 Tallahassee	25,024	8,511	84,230	1,232	5,884	544	2,909	56	1,937
32313	Talahassee	FL007 Tallahassee	0	0	0	4	303	1	2	0	0
32314	Tallahassee	FL007 Tallahassee	0	0	0	179	1,945	81	1,068	22	889
32315	Tallahassee	FL007 Tallahassee	0	0	0	214	1,994	107	1,119	25	778
32316	Tallahassee	FL007 Tallahassee	0	0	0	131	2,303	79	1,613	33	1,487
32317	Tallahassee	FL007 Tallahassee	7,093	2,402	75,701	745	5,524	376	3,178	53	2,594
32318	Tallahassee	FL007 Tallahassee	0	0	0	60	398	35	274	5	177
32333	Havana	FL007 Tallahassee	11,384	4,169	38,769	451	2,598	233	1,539	25	1,468
32343	Midway	FL007 Tallahassee	713	250	48,213	81	844	44	513	12	394
32362	Woodville	FL007 Tallahassee	0	0	0	42	159	22	65	2	26
32395	Tallahassee	FL007 Tallahassee	0	0	0	0	0	0	0	0	0
32399	Tallahassee	FL007 Tallahassee	0	0	0	218	28,533	48	5,879	23	10,927
32417	Panama City	FL007 Tallahassee	0	0	0	183	2,222	110	701	21	457

ROA 1011

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Addendum to ARCpoint Franchise Agreement

This document is made on FEBRUARY 3, 2012, by and between Laulima Corporation 401K Pension Plan and ARCpoint Franchise Group, LLC in reference to The Franchise Agreement dated December 4, 2009, between Laulima Corporation 401K Pension Plan and Accudiagnostics Franchise Group, (currently dba ARCpoint Franchise Group, LLC).

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and / or additions that are outlined below. These additions shall be made valid as if they are included in the original stated contract.

Franchisee's Area of Responsibility as outlined in original contract Section 2.5.1 is increased as follows:

Bay County Florida (See attached Territory Study)
Jackson County Florida (See attached Territory Study)

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

ARCpoint Franchise Group, LLC

By: [illegible]

Signature [illegible]

Title: CEO

Franchisee: Laulima Corporation 401K Pension Plan

By: CARRIE E. NORRIS

Signature [illegible]

Title: PRESIDENT / TRUSTEE

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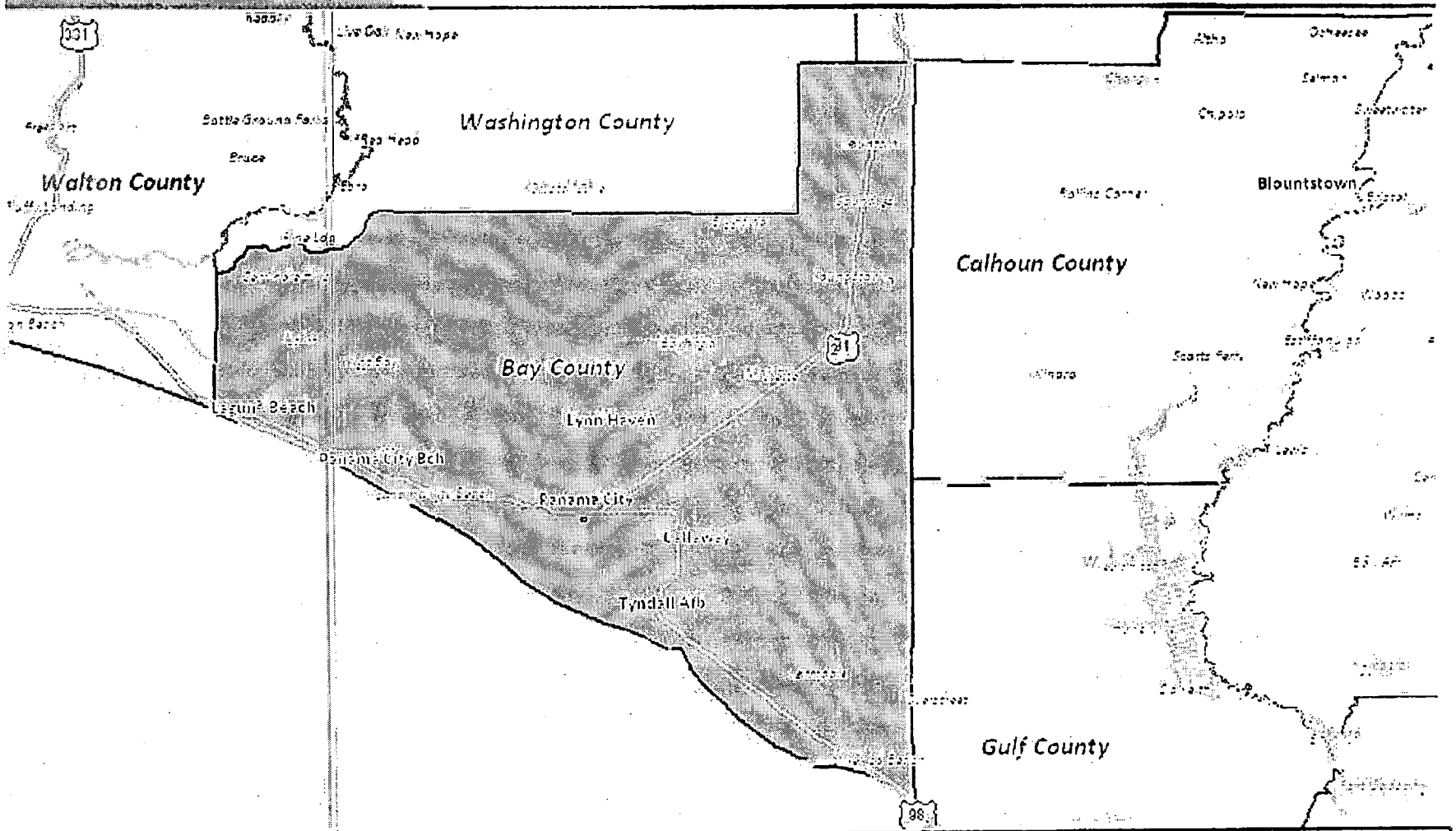
Market: Florida

Franchise: FL021 Bay County

Franchise Map



	Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
⊞	FL021 Bay County	8,584	93,971	3,214	83,241	1,573	42,948

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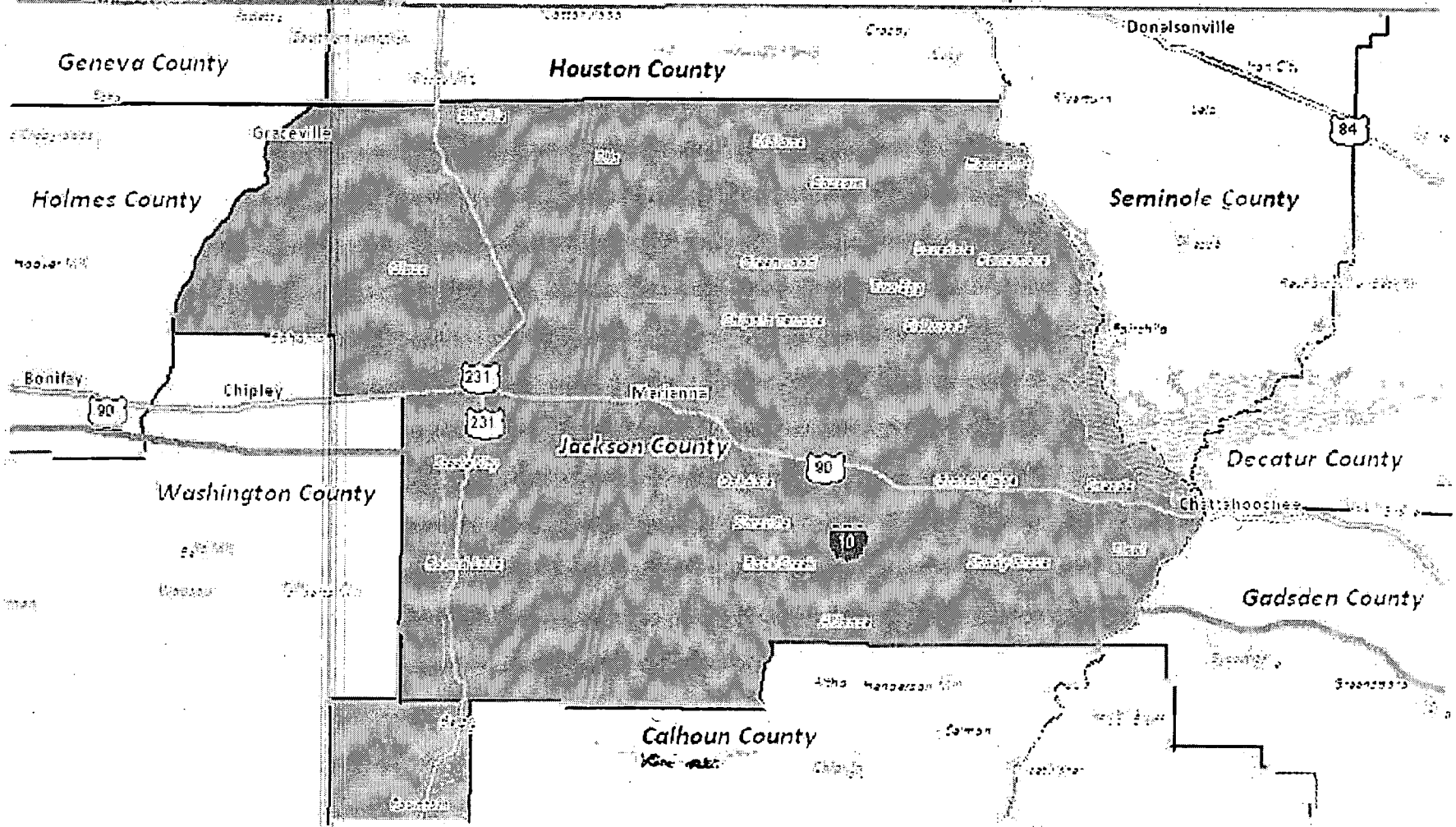
Market: Florida

Franchise: FL022 Jackson County

Franchise Map



	Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
☐ ⊞	FL022 Jackson County	1,756	16,125	602	13,821	277	8,155

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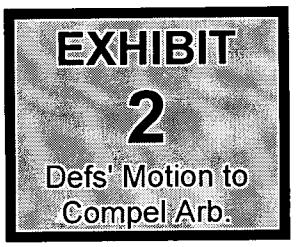

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 19th day of January, 2010, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 355 Woodruff Road, Suite403, Greenville, South Carolina 29607 ("Franchisor"), and Greg Bowman, whose principal address is 568 Crofton Park Lane Franklin, TN 37069, an individual/partnership/corporation/limited liability company established in the State of Tennessee "Franchisee").

WITNESSETH:

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

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

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

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

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

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

1. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Gross Sales**" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but

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excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

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

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

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

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

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

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

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

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

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

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

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

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

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

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2.2 **Approved Location**

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

TBD

2.3 **Approved Location Not Determined**

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

2.4 **Sub-franchising/Agents**

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

2.5 **Area of Primary Responsibility**

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

091 Nashville TN (Nashville East, Brentwood) See Attached Territory Study

2.6 **Franchisor's Rights**

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

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

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

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

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

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

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

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

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

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

2.7 Marketing and Solicitation Restrictions

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

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3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of EIGHTY THOUSAND DOLLARS ($80,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

IN THE STATES OF CALIFORNIA AND ILLINOIS, THE INITIAL FRANCHISE FEE WILL BE DEFERED UNTIL ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU HAVE BEEN MET.

3.2 Royalty Fee

Each week, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding week or a weekly minimum of EIGHTY SEVEN DOLLARS AND FIFTY CENTS (87.50), which ever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report weekly from the previous week's sales. Each week Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.5, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

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

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

3.4 Technology Development and Software Fund

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

3.5 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic

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Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.6 Taxes

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

3.7 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100.

3.8 Application of Payments

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

4. TERM AND RENEWAL

4.1 Initial Term

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

4.2 Renewal Term

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

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

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

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

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

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

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

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

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

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

5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

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5.2 Failure to Select Site

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

5.3 Lease of Approved Location

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

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

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

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

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

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

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

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

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

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

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

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

5.4 Development of Approved Location

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

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

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

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

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

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

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

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5.5 Failure to Develop Approved Location

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

5.6 Opening

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

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

5.6.1.2 complete initial training to the satisfaction of Franchisor;

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

5.6.1.4 pay in full all amounts due to Franchisor;

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

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

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

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

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

5.7 Failure to Open

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

be a penalty.

5.8 Use of Approved Location

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

5.9 Relocation

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

6. MARKS

6.1 Ownership

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

6.2 Limitations on Use

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

6.3 Notification of Infringements and Claims

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

6.4 Indemnification for Use of Marks

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

6.5 Discontinuance of Use

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

6.6 Right to Inspect

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

6.7 Franchisor's Sole Right to Domain Name

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

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

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

7.2 Additional Developments

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

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(or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

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

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

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

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

7.5 Reasonableness of Restrictions

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

8. TRAINING AND ASSISTANCE

8.1 Initial Training

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

8.2 Opening Assistance

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

8.3 Failure to Complete Initial Training Program

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

8.4 New Designated Manager

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

8.5 Ongoing Training

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

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of

this Agreement

9.2 Revisions to the Manual

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

9.3 Confidentiality of Manual

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

10. FRANCHISE SYSTEM

10.1 Uniformity

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

10.2 Modification of the System

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

10.3 Variance

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

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

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

11.2 Local Advertising

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

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

11.3 National Marketing Fund

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

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

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

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

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

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

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

11.4 Cooperative Advertising (CAMPA)

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

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

11.5 Internet Advertising

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

11.6 Telephone Directory Advertising

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

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

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

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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 third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month.

12.3 Financial Statements

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

12.4 Other Reports

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

12.5 Computer System

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

12.6 Right to Inspect

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

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12.7 Release of Records

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

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

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

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

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

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

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

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

13.2 Sales Quotas

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

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

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

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

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

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

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

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

13.3 Appearance and Condition of the Franchised Business

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

13.4 Ownership and Management

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

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

13.5 Contributions and Donations

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

13.6 Licenses and Permits

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

13.7 Notification of Proceedings

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

13.8 Compliance with Good Business Practices

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

13.9 Uniforms

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

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13.10 Best Efforts

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

13.11 E-Mail

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

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

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

14.2 National Accounts

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

14.3 Periodic Visits

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

15. INSURANCE

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15.1 Types and Amounts of Coverage

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

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

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

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

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

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

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

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

15.2 Future Increases

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

15.3 Carrier Standards

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

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

15.4 Evidence of Coverage

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

15.5 Failure to Maintain Coverage

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

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

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

16.2 Termination by Franchisor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

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

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

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

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

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

16.3 Reinstatement and Extension

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

16.4 Right of Franchisor to Discontinue Sales to Franchisee

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

16.5 Right of Franchisor to Operate Franchised Business

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

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17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

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

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

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

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

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

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

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

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

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

17.1.9 comply with all other applicable provisions of this Agreement.

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17.2 Post-Termination Covenant Not to Compete

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

17.2.1.1 to protect the trade secrets of Franchisor;

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

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

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

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

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

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

17.3 Unfair Competition

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

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17.4 Franchisor's Option to Purchase Certain Business Assets

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

17.5 Survival of Certain Provisions

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

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

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

18.2 Transfer by Franchisee to a Third Party

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18.3 Transfer to a Controlled Entity

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

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

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

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

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

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

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

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

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

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

18.4 Franchisor's Disclosure to Transferee

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

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18.5 For-Sale Advertising

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

18.6 Transfer by Death or Incapacity

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

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

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

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

19.2 Franchisor's Right to Purchase

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

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19.3 Non-Exercise of Right of First Refusal

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

20. BENEFICIAL OWNERS OF FRANCHISEE

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

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

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

21.2 Standard of Care

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

21.3 Indemnification

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

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

21.4 Right to Retain Counsel

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

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

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

22.2 Injunctive Relief

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

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22.3 Notices

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

ARCpoint Franchise Group, LLC
Attention: President
355 Woodruff Road, Suite 403
Greenville, South Carolina 29607

22.4 Cost of Enforcement or Defense

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

22.5 Unlimited Guaranty and Assumption of Obligations

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

22.6 Approvals

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

22.7 Entire Agreement

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

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22.8 Severability and Modification

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

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

22.9 Construction

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

22.10 Force Majeure

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

22.11 Timing

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

22.12 Withholding Payments

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

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22.13 Further Assurances

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

22.14 Multiple Originals

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

23. DISPUTE RESOLUTION

23.1 Choice of Law

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

23.2 Consent to Jurisdiction

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

23.3 Cumulative Rights and Remedies

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

23.4 Limitations of Claims

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

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23.5 Limitation of Damages

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

23.6 Waiver of Jury Trial

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

23.7 Arbitration

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

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

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

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

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24.2 Consultation by Franchisee

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

24.3 True and Accurate Information

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

24.4 Risk

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

24.5 No Guarantee of Success

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

24.6 No Violation of Other Agreements

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

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

ARCPOINT FRANCHISE GROUP, LLC

Signed: _____

Name: Felix A. Mirando III

Title: President/CEO

INDIVIDUAL:

Signed: _____

Name printed: Greg Bowman

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EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

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

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

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

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

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

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

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

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

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

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ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

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

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

_____ (NOTARIAL SEAL)

Notary Public
My Commission expires:

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 19th day of January, 2010, by and between _____, ("Franchisee") (d/b/a an ARCpoint Franchise) and Greg Bowman ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated December 21st, 2010 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

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

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

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

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

1. **Trade Secrets and Confidential Information**

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

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

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c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

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

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE:

By:_____

Its:_____

INDIVIDUAL:

Signed: Greg Bowman

Name printed: Greg Bowman

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 13th day of January, 2010, by. Greg Bowman.

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 Greg Bowman ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in

contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Greg Bowman
Personally and Individually (Printed Name)

Greg Bowman
Personally and Individually (Signature)

HOME ADDRESS

568 Crofton Park Lane
Franklin, TN 37069

TELEPHONE NO.: 615-477-4219
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: 100 %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: %

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Greg Bowman
Position/Title: owner / President
Home Address: 568 Crofton Park Lane
Franklin, TN 37069

Telephone No.: 615-477-4219
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: ____%

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Position/Title:
Home Address:

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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:

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Position/Title:
Home Address:

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E-mail address:

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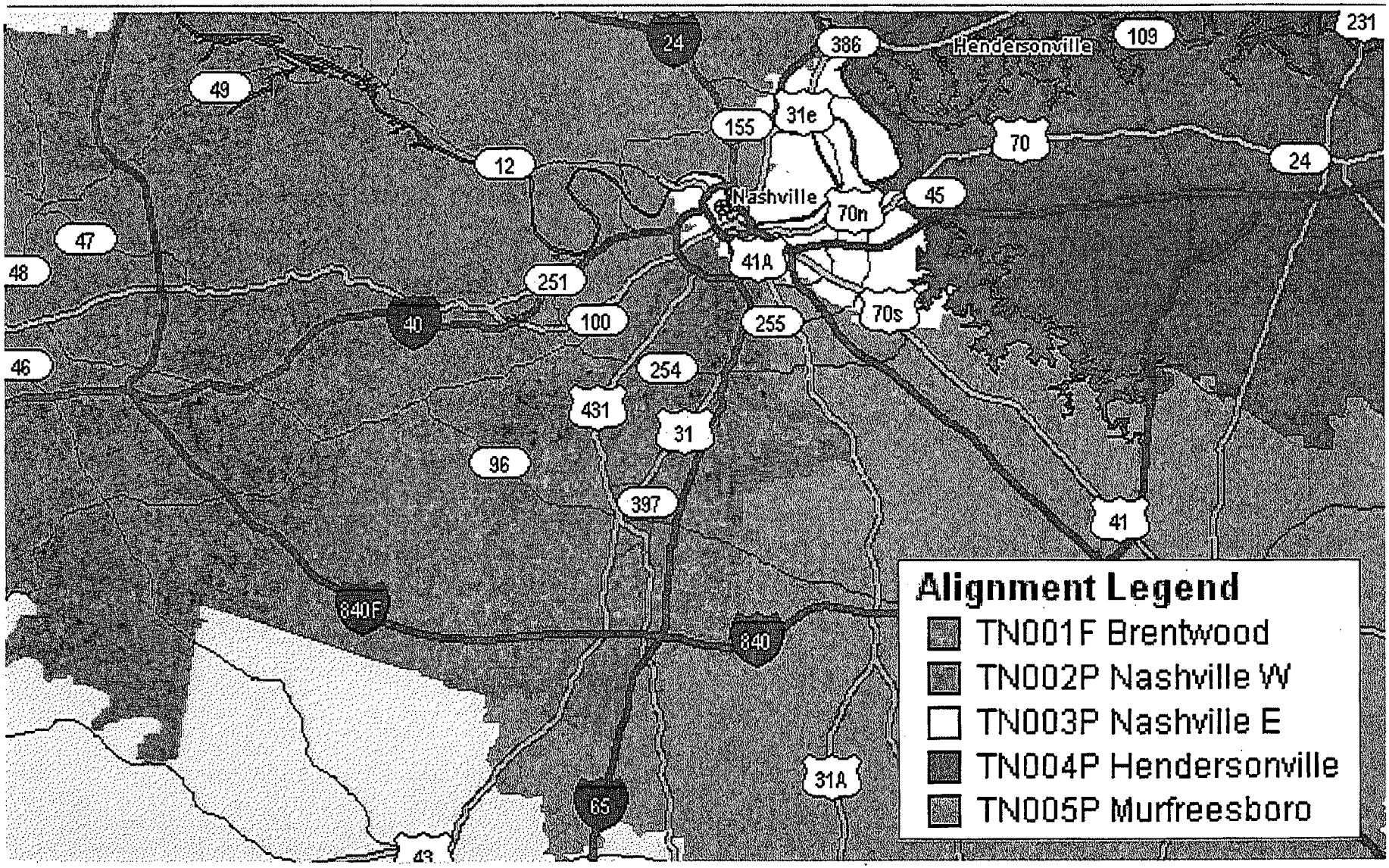
AccuDiagnostics
SAME DAY DRUG, ALCOHOL & BACKGROUND SCREENING

State: Tennessee
Market: 091 Nashville



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Lab Test MD Addendum to
ARCpoint Franchise Agreement for
New Franchisees

This Addendum is executed on 2/8, 2011 between ARCpoint Franchise Group, LLC ("Franchisor") and Greg Bowman ("Franchisee").

BACKGROUND:

A. On this date, the parties are executing an ARCpoint Franchise Agreement ("Franchise Agreement") for the Franchisee's operation of an ARCpoint business at a location approved by Franchisor ("Approved Location").

B. Franchisor has designated Lab Test MD, LLC ("LTMD") as the approved supplier of certain lab tests requiring blood draws or a physician or health services provider order to a clinical laboratory ("LTMD Services").

C. Franchisee wants to offer LTMD Services from the Approved Location.

D. The parties are confirming their understanding and agreement on Franchisee's offer of the LTMD Services in this Addendum.

AGREEMENT

The parties agree as follows:

1. Training; Training Fee. Before offering the LTMD Services to its clients, Franchisee must successfully complete the two day Lab Test MD training which will be held in Greenville, South Carolina. Upon signing this Addendum, Franchisee will pay Franchisor a $10,000 Training Fee.

2. Medical Service Fee. Franchisee will pay LTMD a weekly medical service fee equal to 7% of Franchisee's gross revenues from the sale of LTMD Services.

3. Use of LTMD Marks. Franchisee may only use the LTMD Marks in the manner and to the extent approved by LTMD and Franchisor from time to time. In the event any claim is made against Franchisee as a result of Franchisee's use of the LTMD Marks, Franchisee must immediately notify Franchisor and LTMD. Franchisee acknowledges and agrees that neither Franchisor nor LTMD are required to defend Franchisee's use of the LTMD Marks and that Franchisee may be required to refrain from using the LTMD Marks or to substitute alternate Marks at any time upon written notice from Franchisor.

4. Quality Standards. Franchisee may only offer the LTMD Services in compliance with the quality standards and operating procedures provided by Franchisor from time to time. Franchisee acknowledges that it will receive operational standards and procedures by way of

manual and other written and electronic notices and bulletins and must comply with such standards and procedures.

5. Insurance. In addition to the insurance Franchisee is required to maintain under the Franchise Agreement, Franchisee must also participate in the LTMD medical malpractice insurance program and maintain a minimum of $1,000,000 in medical malpractice coverage.

6. Compliance with Laws. In addition to the general obligation to comply with all laws and regulations covering Franchisee's business, Franchisee must implement and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of personal information and to meet any other applicable requirements necessary to safeguard confidential information, including any applicable requirements under the Health Insurance Portability and Accountability Act of 1996 ("HIPPA"), and any other regulations which apply to offering the LTMD Services.

7. Miscellaneous.

A. All capitalized terms in this Addendum have the same meaning as in the Franchise Agreement.

B. All disputes under this Addendum will be resolved in the same manner as provided in the Franchise Agreement.

C. Except as expressly provided in this Addendum, the Franchise Agreement will be enforced according to its terms.

FRANCHISEE:

_____

By:_____
Title:_____

ARCPOINT FRANCHISE GROUP, LLC

By:_____
Title:_____

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ASSIGNMENT of and ADDENDUM to ARCpoint LABS FRANCHISE AGREEMENT

This document is made on April 16th, 2013, by and between Greg Bowman ("Franchisee") and ARCpoint Franchise Group, LLC ("AFG") modifies the Franchise Agreement dated January 19, 2010 between Franchisee and AFG.

ASSIGNMENT:

Greg Bowman hereby assigns the ARCpoint Franchise Agreement signed January 19, 2010, between Greg Bowman and ARCpoint Franchise Group, LLC to Bowman Lab Solutions, Inc., a corporation formed on Davidson County, Tennessee under the laws of the state of Tennessee.

A. Bowman Lab Solutions, 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. Bowman Lab Solutions, Inc. and Greg Bowman warrant and represent to ARCpoint Franchise Group, LLC that the following persons are shareholders or members of Bowman Lab Solutions, Inc.: Greg Bowman & Kathy Bowman

B. Bowman Lab Solutions, Inc. shall immediately notify ARCpoint Franchise Group. LLC of any change in said ownership subject to the provisions of Section 18 of the Franchise Agreement, which addresses transferability of interest.

C. Notwithstanding the assignment of the Franchise Agreement to Bowman Lab Solutions, Inc. as set forth herein, Greg Bowman 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 Greg Bowman's Personal Guaranty remain in full force and effect notwithstanding this Assignment.

D. The obligations and representations of Greg Bowman and Bowman Lab Solutions, Inc. to ARCpoint Franchise Group, LLC are material considerations for the consent of ARCpoint Franchise Group to this Assignment.

ADDENDUM:

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:

A. In addition to the territories purchased in the above referenced Franchise Agreement, Franchisee shall also own the following territory (as defined in the attached zip code list): "Nashville West"

B. Franchisee agrees to pay all additional costs associated with any software, email addresses, etc. associated with the operation of the additional territory.

C. Franchisee shall receive the Clinical/Wellness training and support for all three territories included in the price for this additional territory.

D. For this additional territory, Franchisee shall pay THIRTY-FIVE THOUSAND DOLLARS ($35,000.00) upon the signing of this Agreement.

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 Greg Bowman's Personal Guaranty, remain in full force and effect notwithstanding this Assignment and Agreement.

ARCpoint Franchise Group, LLC

By: Felix Miranda

Signature

Title: CEO

Greg Bowman

Signature Greg Bowman

Print Name: Greg Bowman

Bowman Lab Solutions, Inc.

By: Greg Bowman

Title: President

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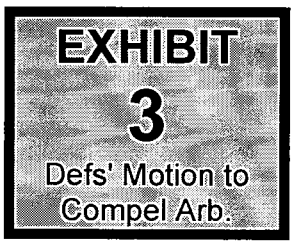

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 20 day of Dec, 2011, 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 Gary F. Patrone, whose principal address is 9391 East Whitewing Drive, Scottsdale, AZ 85262, an individual residing in the State of Arizona ("Franchisee").

WITNESSETH:

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

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

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

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

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

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

1. DEFINITIONS

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

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

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

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

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

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

"Protected Territory" has the meaning given to such term in Section 2.5;

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

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

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

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

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

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

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

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

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

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

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

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but

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excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

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

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

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

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

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

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

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

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

"Royalty Fee" has the meaning given to such term in Section 3.3; and

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

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

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

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

2.2 Approved Location

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

_____

_____

_____.

2.3 Approved Location Not Determined

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

2.4 Sub-franchising/Agents

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

2.5 Protected Territory

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Protected Territory") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses which includes a minimum of 4,000 targeted businesses (5 or more employees). Population demographics shall be determined by reference to the most recent figures available from research provided by Data Depot, 6822 22nd Avenue North, Suite 284 St. Petersburg, Florida, 33710 and Territory Solutions International, 11 Golden Corner Way, Randolph, NJ 07869. at the time the Protected Territory is designated. The Protected Territory shall be defined by and exist within the following physical, political or natural boundaries:

Market: Map #091 Arizona C,E,D,H,F (see attached Territory Studies)

AND "G" AT NO CHARGE

2.6 Franchisor's Rights

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

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Protected Territory as Franchisor deems appropriate;

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

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

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

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

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

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

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

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

2.7 Marketing and Solicitation Restrictions

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

Franchisor may establish National Accounts that franchisee will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to

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compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

3. FEES

3.1 Franchise Fee

TOTAL $130,000 FOR ALL 6 TERRITORIES C, D, E, F, G, H

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of One Hundred Thirty Thousand DOLLARS ($130,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

The Initial Franchise Fee is $35,000 for either the Full Service market franchise and the ARCpoint Mobile franchise. If you wish to open additional franchises, you will receive a discount on the franchise fee as follows:, Multi-Unit franchise fees for territory one is $35,000, territory two is $30,000, territory three is $25,000 and territory four or more is $20,000 for each additional territory. The franchise fees are paid to us in a lump sum when you sign the Franchise Agreement and is non refundable except as described below. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees If you purchase multiple territories, all franchise fees are payable when the franchise agreement is executed. You must sign separate franchise agreements for each additional franchise you acquire.

3.2 Initial Training Fees

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Upon execution of this Agreement, Franchisee shall pay a Fee (Certification and Drug and Alcohol Training) to Franchisor for initial training, certification and drug and alcohol training of EIGHT THOUSAND DOLLARS ($8,000). The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.3 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding month or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.0), whichever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report monthly from the previous month's sales. Each Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.8, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.4 National Marketing Fund

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("National Marketing Fund Fee") equal to three percent (3%) of Gross Sales for the preceding month. Franchisee shall pay the National Marketing Fund Fee and submit the Gross Sales Report monthly from the previous month's sales. Each National Marketing Fund Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.87, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.5 ARCPoint Sales Accelerated Program,

Franchisee will pay $15,000 for the Sales Accelerated Program ("ASAP") to Franchisor upon execution of the franchise agreement. This program will last a minimum of 6 – 12 months and will be used for lead generation, sales coaching, Google Ad Word campaigns, e-mail marketing etc. and appointment management. Franchisor will provide you with guidance for conducting the accelerated sales program, and Franchisor will review and approve the materials that the Franchisee will use in the ARCpoint accelerated sales program advertising.

3.6 The California and Nevada Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees in the California and Nevada region, and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) to this fund upon execution of the franchise agreement and is included in the $15,000 payment to the ASAP described in Section 3.3. An ongoing CAMPA fund of two percent (2%) of gross sales will be electronically deducted monthly in the same manner as the Royalty Fee. This fee is included in the 3% monthly deduction of the National Marketing Fund as described in Section 3.3 above . These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

3.7 Technology Development and Software Fund

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Franchisee will be required to pay a monthly fee of EIGHTY-FIVE DOLLARS ($85.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.8 Electronic Transfer

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

3.9 Taxes

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

3.10 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

3.11 Application of Payments

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

4. TERM AND RENEWAL

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4.1 Initial Term

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

4.2 Renewal Term

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

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

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

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

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

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

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

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

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

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

5. APPROVED LOCATION

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5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

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

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

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

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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, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

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

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

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

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

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

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

5.5 Opening

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

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

5.5.1.2 complete initial training to the satisfaction of Franchisor;

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

5.5.1.4 pay in full all amounts due to Franchisor;

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

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

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

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

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

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is

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terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

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

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

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

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to

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Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

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

6.4 Indemnification for Use of Marks

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

6.5 Discontinuance of Use

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

6.6 Right to Inspect

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

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Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

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

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

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

7.2 Additional Developments

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

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7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

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

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

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

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

7.5 Reasonableness of Restrictions

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

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days after the Effective Date, an initial training program consisting of approximately eight (8) days of classroom instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues.

Franchisor shall conduct the initial training program at its headquarters or at another designated location. One to two weeks prior to opening the franchisee must spend one (1) to five (5) days at the corporate lab or a certified franchisee lab for a refresher and hands on training. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business and included in the Initial Training Fee, Franchisor shall make available to Franchisee, for three (3) days, one (1) of Franchisor's representatives, (who could be a Franchise Mentor), experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses. Franchisor may utilize the mentor program for on site training.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program for a fee of two hundred dollars ($200) per day. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

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

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9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

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

9.3 Confidentiality of Manual

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

10. FRANCHISE SYSTEM

10.1 Uniformity

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

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire

initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

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

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to twelve (12) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass Numerous marketing initiatives including lead generation telemarketing, Google Ad Word campaigns, SEO optimization, sales coaching, web page development, additional on site visits etc. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

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

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

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11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund"). Franchisee shall be required to contribute monthly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time, but which is currently three (3)% of the previous month's gross sales . National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

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

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

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

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

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

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

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11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located in California and Nevada. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) is due with the execution of the franchise agreement. Franchisee shall make monthly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a monthly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that month's Gross Sales and is included in the monthly payment of 3% of Gross Sales to the National Marketing Fund described in Section 11.3 above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

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

11.6 Telephone Directory Advertising

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

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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 third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

12.3 Financial Statements

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

12.4 Other Reports

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

12.5 Computer System

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

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12.6 Right to Inspect

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

12.7 Release of Records

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

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

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

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier

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may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

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

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

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

13.1.6 At no time shall you offer any service or product, through any business entity in which you have any equity interest, to any customer or potential customer of any franchisee (including yourself) or affiliate. Likewise, at no time shall you offer any service or product, through any business entity in which you have any equity interest, to any competitor of any franchisee (including yourself) or affiliate. Such products and services shall include, but are not limited to, medical review officer services, training and compliance services, computer, internet, or accounting software services designed for the drug testing industry, policy implementation services and advice services (such as "Drug Free Work Place"), or training services of any kind related to the drug testing industry.

13.1.7 We may establish National Accounts that you will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

13.1.8 As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider.

13.1.9 As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection

services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.1.10 As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.2 Appearance and Condition of the Franchised Business

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

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee and cannot be initially operated by an absentee owner. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager who need not have an equity interest in the financial business.

13.4 Contributions and Donations

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

13.5 Licenses and Permits

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

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13.6 Notification of Proceedings

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

13.7 Compliance with Good Business Practices

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

13.8 Uniforms

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

13.9 Best Efforts

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

13.10 E-Mail

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

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided,

however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.. If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Protected Territory itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

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14.3 Periodic Visits

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

15. INSURANCE

15.1 Types and Amounts of Coverage

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

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

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

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

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

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

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

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

15.1.8 Medical mal practice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.2 Future Increases

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

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

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

15.5 Failure to Maintain Coverage

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

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

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

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16.2 Termination by Franchisor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

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

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

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

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

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

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16.3 Reinstatement and Extension

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

16.4 Right of Franchisor to Discontinue Sales to Franchisee

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

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

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

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

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

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

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

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

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

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

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

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

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17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

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18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWELVE THOUSAND FIVE HUNDRED DOLLARS ($12,500).

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

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18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled

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to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business

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operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

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22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
220 North Main St. Suite 325
Greenville, South Carolina 29601

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations

attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

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22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

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23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial

Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

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24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.6.1 ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

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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: Gary F. Patrone

Signed: _____

Name printed: Gary F. Patrone

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EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

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ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 20 day of Dec, 2011, by and between Gary F. Patrone, ("Franchisee") (d/b/a an ARCpoint Franchise) and Gary F. Patrone ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated 20-Dec-, 2011 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Gary F. Patrone

Signature: _____

Printed Name: Gary F. Patrone

INDIVIDUAL: Gary F. Patrone

Signature: _____

Printed Name: Gary F. Patrone

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 20 day of Dec, 20 11, by Gary F. Patrone.

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 Gary F Patrone ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Gary F. Patrone
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

9391 East Whitewing Drive
Scottsdale, AZ 85262

TELEPHONE NO.: 847-404-4006
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:100%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Gary F. Patrone
Position/Title: owner
Home Address: 9391 East Whitewing Drive
Scottsdale, AZ 85262

Telephone No.: 847-404-4006
E-mail address: gary_patrone@yahoo.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:

Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: %

Officers and Directors:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

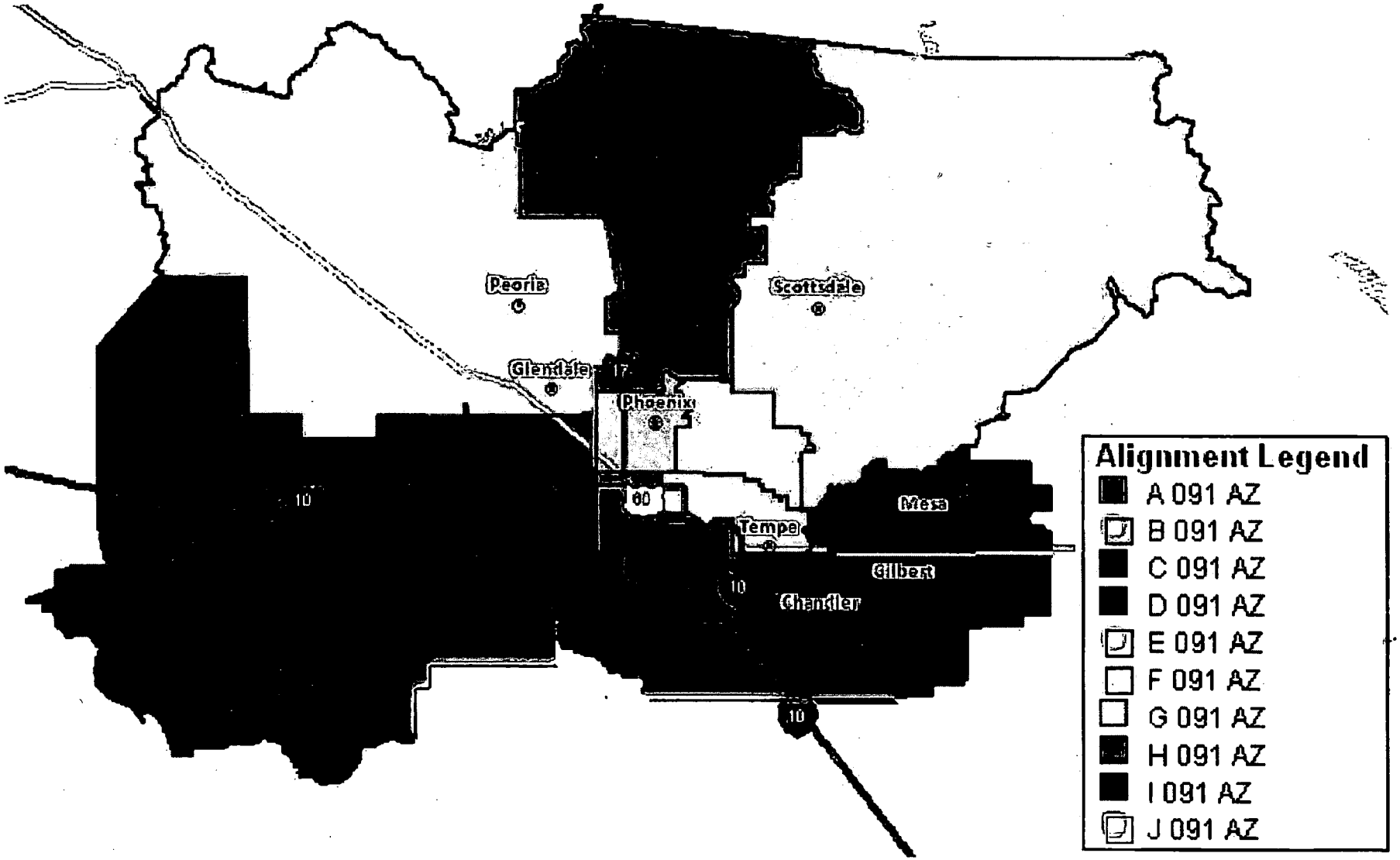
Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Market Preview: 091 AZ Phoenix

Market Map w Highways



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LETTER OF UNDERSTANDING

Re: Arizona Territories

December 16, 2011

Gary Patrone
9391 E. Whitewing Drive
Scottsdale, AZ 85262

Dear Gary:

This letter summarizes the understanding we have reached regarding the terms and conditions of your receipt of Territory G n G 091, which is shown in lime green, with "Phoenix" indicated inside the territory lines, on the attached map (hereafter "G"), and the waiver of ASAP funds for the second and third territories, and the reduction of ASAP funds for the 4th, 5th, and 6th territories that you open. To be certain this letter accurately reflects our understanding, please review the items below and indicate your understanding and agreement by signing on the signature line following:

A. This agreement will commence on the date executed by you and will continue for as long as you are in compliance with all terms of the Franchise Agreement, unless extended or replaced by written mutual agreement. This agreement contemplates that you will adhere to the terms of the Franchise Agreement to which this Letter of Understanding (LOU) is attached. Any breach of the Franchise Agreement shall serve to nullify this LOU.

B. You are purchasing 5 territories, as referred to in Section 2.5.1 of the Franchise Agreement you have executed contemporaneously with this LOU. In anticipation of your future success in these 5 territories, and because you have shown your dedication to the ARCpoint Franchise System by purchasing these 5 territories, for a total of $130,000.00, we will transfer ownership of the 6th territory (G), at the time when legal transfer of the other 5 takes place (upon payment in full of the Promissory Note for $120,000.00) for no associated fee.

C. Additionally, upon the opening (defined as marketing within those territories) of your 2nd and 3rd territories, we will waive the ASAP fees for these two territories and will not require you to fund your ASAP account with us for these two territories. The ASAP fees will be reduced from $15,000.00 per territory to $8,000.00 per territory for the 4th, 5th, and 6th territories you open (see definition above). However, we may exercise our option not to require that you fund the ASAP account for territories 4, 5 and 6 if we find that you have been responsible and active in marketing territories 1-3. Nevertheless, all territories must be opened within 5 years from the execution of the Franchise Agreement.

D. You acknowledge that nothing in this LOU shall serve to guarantee any more to you than is set out in the above paragraphs, and that no promises have been made us outside of this LOA as to any territory you have purchased or are receiving without fees under the Franchise Agreement.

(Signatures on following page)

Sincerely,

Felix Mirando
CEO ARCpoint Franchise Group, LLC

I acknowledge and agree to the terms and conditions set forth above.

Gary Patrone

DATE: 20-Dec-11

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Addendum to
ARCpoint Franchise Agreement

This Addendum modifies the Franchise Agreement ("Agreement") executed on December 20, 2011, by between ARCpoint Franchise Group, LLC ("Franchisor") and Gary F. Patrone ("Franchisee").

Gary F. Patrone hereby assigns the ARCpoint Franchise Agreement signed December 20, 2011, between Gary F. Patrone and ARCpoint Franchise Group to OnTrac Holdings, Inc., a corporation formed December 27, 2011, under the laws of the state of Arizona.

OnTrac Holdings, 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. OnTrac Holdings, Inc. and Gary F. Patrone warrant and represent to ARCpoint Franchise Group that the following persons are shareholders: OnTrac Holdings, Inc 401k Plan is sole shareholder.

OnTrac Holdings, Inc. shall immediately notify ARCpoint Franchise Group of any change in said ownership, subject to the provisions of Section 18 of the Franchise Agreement.

Notwithstanding the assignment of the Franchise Agreement to OnTrac Holdings, Inc. as set forth herein, Gary F. Patrone shall remain fully liable and confirms his/her 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 Gary F. Patrone's Personal Guaranty remain in full force and effect notwithstanding this Assignment.

The obligations and representations of Gary F. Patrone and OnTrac Holdings, Inc. to ARCpoint Franchise Group are material considerations for the consent of ARCpoint Franchise Group to this Assignment.

Gary F. Patrone:

Sign: _____

Date: 24-Feb-12

ARCpoint Franchise Group. LLC:

By: _____

Title: CEO

Date: 4/25/17

OnTrac Holdings, Inc.:

By: _____

Title: President

Date: 24-Feb-12

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EXHIBIT
4
Defs' Motion to
Compel Arb.

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 14 day of March, 2012, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 220 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and Employer's Choice Testing, LLC, whose principal address is 3131 Sable Crossing, San Antonio, TX 78232, a Limited Liability Company established in the State of Texas ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

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"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Protected Territory" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cooperative Advertising" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash,

credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means customers or referral sources with locations in, desiring ARCpoint services or products in, or referring customers from multiple ARCpoint market areas;

"Royalty Fee" has the meaning given to such term in Section 3.3; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

"**Territory Center**" means the area within a Protected Territory which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

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2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Protected Territory

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Protected Territory") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses which includes a minimum of 4,000 targeted businesses (5 or more employees). Population demographics shall be determined by reference to the most recent figures available from research provided by Data Depot, 6822 22nd Avenue North, Suite 284 St. Petersburg, Florida, 33710 and Territory Solutions International, 11 Golden Corner Way, Randolph, NJ 07869. at the time the Protected Territory is designated. The Protected Territory shall be defined by and exist within the following physical, political or natural boundaries:

Market Territory: Texas: TX005 "San Antonio South"* which encompasses the following zip codes and is delineated in blue in the attached Territory Study Map: 78234, 78219, 78202, 78204, 78241, 78211, 78235, 78222, 78263,78224, 78073, 78223, 78214, 78221, 78052, 78069, 78264, 78112, 78050, 78065, 78064, 78114, 78147, 78113, 78008, 78062, 78012, 78026, and 78011. *Actual dba name will be determined based on ARCpoint Franchise Group's Naming Convention, which seeks to adhere to Internet Search Engine Optimization Best Practices_____.

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Protected Territory as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory;

2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.6.5 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Protected Territory") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Protected Territory if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Protected Territory of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other ARCpoint Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

Franchisor may establish National Accounts that franchisee will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

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As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of Thirty-Five Thousand Dollars ($35,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

The Initial Franchise Fee is $35,000 for either the Full Service market franchise and the ARCpoint Mobile franchise. If you wish to open additional franchises, you will receive a discount on the franchise fee as follows:, Multi-Unit franchise fees for territory one is $35,000, territory two is $30,000, territory three is $25,000 and territory four or more is $20,000 for each additional territory. The franchise fees are paid to us in a lump sum when you sign the Franchise Agreement and is non refundable except as described below. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees If you purchase multiple territories, all franchise fees are payable when the franchise agreement is executed. You must sign separate franchise agreements for each additional franchise you acquire.

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3.2 Initial Training Fees

Upon execution of this Agreement, Franchisee shall pay a Fee (Certification and Drug and Alcohol Training) to Franchisor for initial training, certification and drug and alcohol training of EIGHT THOUSAND DOLLARS ($8,000). The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.3 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding month or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.0), whichever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report monthly from the previous month's sales. Each Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.8, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.4 National Marketing Fund

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("National Marketing Fund Fee") equal to three percent (3%) of Gross Sales for the preceding month. Franchisee shall pay the National Marketing Fund Fee and submit the Gross Sales Report monthly from the previous month's sales. Each National Marketing Fund Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.87, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.5 ARCPoint Sales Accelerated Program,

Franchisee will pay $15,000 for the Sales Accelerated Program ("ASAP") to Franchisor upon execution of the franchise agreement. This program will last a minimum of 6 – 12 months and will be used for lead generation, sales coaching, Google Ad Word campaigns, e-mail marketing etc. and appointment management. Franchisor will provide you with guidance for conducting the accelerated sales program, and Franchisor will review and approve the materials that the Franchisee will use in the ARCpoint accelerated sales program advertising.

3.6 The California and Nevada Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees in the California and Nevada region, and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) to this fund upon execution of the franchise agreement and is included in the $15,000 payment to the ASAP described in Section 3.3. An ongoing CAMPA fund of two percent (2%) of gross sales will be electronically deducted monthly in the same manner as the Royalty Fee. This fee is included in the 3% monthly deduction of the National Marketing Fund as described in Section 3.3 above . These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

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3.7 Technology Development and Software Fund

Franchisee will be required to pay a monthly fee of EIGHTY-FIVE DOLLARS ($85.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.8 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

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4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

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5. APPROVED LOCATION

5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

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5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.5.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

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5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service

mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the

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Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or

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maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days

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after the Effective Date, an initial training program consisting of approximately eight (8) days of classroom instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. One to two weeks prior to opening the franchisee must spend one (1) to five (5) days at the corporate lab or a certified franchisee lab for a refresher and hands on training. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business and included in the Initial Training Fee, Franchisor shall make available to Franchisee, for three (3) days, one (1) of Franchisor's representatives, (who could be a Franchise Mentor), experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses. Franchisor may utilize the mentor program for on site training.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program for a fee of two hundred dollars ($200) per day. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar

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year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date.

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Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to twelve (12) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass Numerous marketing initiatives including lead generation telemarketing, Google Ad Word campaigns, SEO optimization, sales coaching, web page development, additional on site visits etc. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have

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received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund"). Franchisee shall be required to contribute monthly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time, but which is currently three (3)% of the previous month's gross sales . National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each ARCpoint Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

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11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located in California and Nevada. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) is due with the execution of the franchise agreement. Franchisee shall make monthly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a monthly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that month's Gross Sales and is included in the monthly payment of 3% of Gross Sales to the National Marketing Fund described in Section 11.3 above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.arcpointlabs.com* that provides information about the System and the services that ARCpoint Businesses provide. Franchisor may, at its option, include at the ARCpoint website an interior page containing information about the Franchised Business. If Franchisor includes such information on the ARCpoint website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the ARCpoint website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other ARCpoint Businesses operating within the distribution area of the directories. If a joint listing is obtained, all ARCpoint Businesses listed together shall pay a *pro rata* share of

the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including a laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may

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be specified by Franchisor in the Manual or by other written communication. Franchisor shall have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and

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specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits

13.1.6 At no time shall you offer any service or product, through any business entity in which you have any equity interest, to any customer or potential customer of any franchisee (including yourself) or affiliate. Likewise, at no time shall you offer any service or product, through any business entity in which you have any equity interest, to any competitor of any franchisee (including yourself) or affiliate. Such products and services shall include, but are not limited to, medical review officer services, training and compliance services, computer, internet, or accounting software services designed for the drug testing industry, policy implementation services and advice services (such as "Drug Free Work Place"), or training services of any kind related to the drug testing industry.

13.1.7 We may establish National Accounts that you will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

13.1.8 As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider.

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13.1.9 As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.1.10 As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee and cannot be initially operated by an absentee owner. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager who need not have an equity interest in the financial business.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any

legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

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Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided, however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.. If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Protected Territory itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested

in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

14.3 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

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15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.1.8 Medical mal practice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and

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continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

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16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

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16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

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17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

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17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

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This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

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18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWELVE THOUSAND FIVE HUNDRED DOLLARS ($12,500).

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

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18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

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This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need

for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
220 North Main St. Suite 325
Greenville, South Carolina 29601

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

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22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any

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law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing containcd herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein.

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Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee

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represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.6.1 ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

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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: Employer's Choice Testing, LLC

Signed: _____ - President

Name printed: Carolyn Hudson - President

Signed: _____

Name printed: Mark W Hudson, Vice President

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 14 day of March, 2012, by and between Employer's Choice Testing, LLC, ("Franchisee") (d/b/a an ARCpoint Franchise) and Mark W. Hudson and Carolyn M. Hudson ("Individuals").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated March 14, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

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shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Employer's Choice Testing, LLC

Signature:_____

Printed Name:_____

INDIVIDUALS: Mark W. Hudson and Carolyn M. Hudson

SIGNATURE: Adrianna Henry

Signature:_____

Printed Name:_____

PRINTED NAME: ADRIANNA HENRY

Signature:_____

Printed Name:_____

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 14 day of March, 2012, by and between Employer's Choice Testing, LLC, ("Franchisee") (d/b/a an ARCpoint Franchise) and Mark W. Hudson and Carolyn M. Hudson ("Individuals").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated March 14, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

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shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Employer's Choice Testing, LLC

Signature:_____

Printed Name:_____

INDIVIDUALS: Mark W. Hudson and Carolyn M. Hudson

signature: Andrea Daigle
Printed Name: Andrea Daigle

Signature:_____

Printed Name:_____

Signature:_____

Printed Name:_____

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 14 day of March, 2012, by and between Employer's Choice Testing, LLC, ("Franchisee") (d/b/a an ARCpoint Franchise) and Mark W. Hudson and Carolyn M. Hudson ("Individuals").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated March 14, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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**

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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**

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c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

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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.

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b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Employer's Choice Testing, LLC

Signature: _____

Printed Name: Carolyn Hudson - President

INDIVIDUALS: Mark W. Hudson and Carolyn M. Hudson

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

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EXHIBIT B TO THE FRANCHISE AGREEMENT

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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.

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c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

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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.

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a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

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shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS: _____

FRANCHISEE: Employer's Choice Testing, LLC

Signature: _____

Printed Name: _____

INDIVIDUALS: Mark W. Hudson and Carolyn M. Hudson

Signature: Andrea Daigle

Printed Name: Andrea Daigle

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

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EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 14 day of March, 20 12, by Mark W. Hudson and Carolyn M. Hudson.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by ARCpoint Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Employer's Choice Testing, LLC, ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Mark W. Hudson
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

3131 Sable Crossing
San Antonio, TX ~~78270~~ 78237

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:49%

PERSONAL GUARANTOR

Carolyn M. Hudson
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

3131 Sable Crossing
San Antonio, TX ~~78270~~ 78237

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:51%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Mark W. Hudson
Position/Title: owner
Home Address: 3131 Sable Crossing,
San Antonio, TX ~~78270~~ 78232
Telephone No.: 210-618-586
E-mail address: info@hudsas-tx.com
Percentage of ownership: 49 %

Name: Carolyn M. Hudson
Position/Title: owner
Home Address: 3131 Sable Crossing
San Antonio, TX ~~78270~~ 78232
Telephone No.: 210-710-5455
E-mail address: cmhill@hudsas-tx.com
Percentage of ownership 51 %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership: %

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:
Percentage of ownership %

Officers and Directors:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

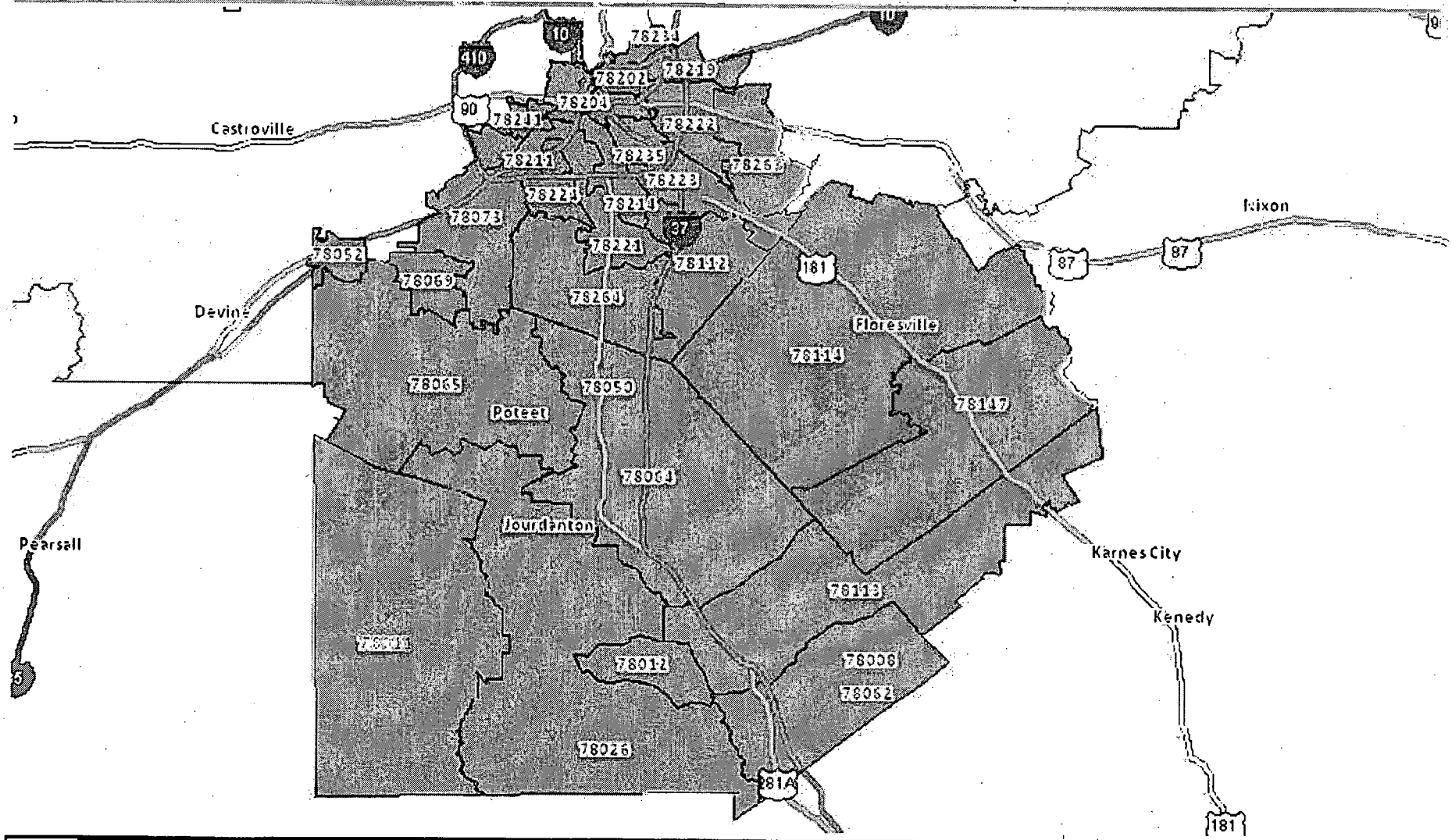
Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:
Telephone No.:
E-mail address:

Market: Texas

Franchise: TX005 San Antonio South

Franchise Map



Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
TX005 San Antonio South	15,863	203,887	6,053	164,281	3,673	101,12

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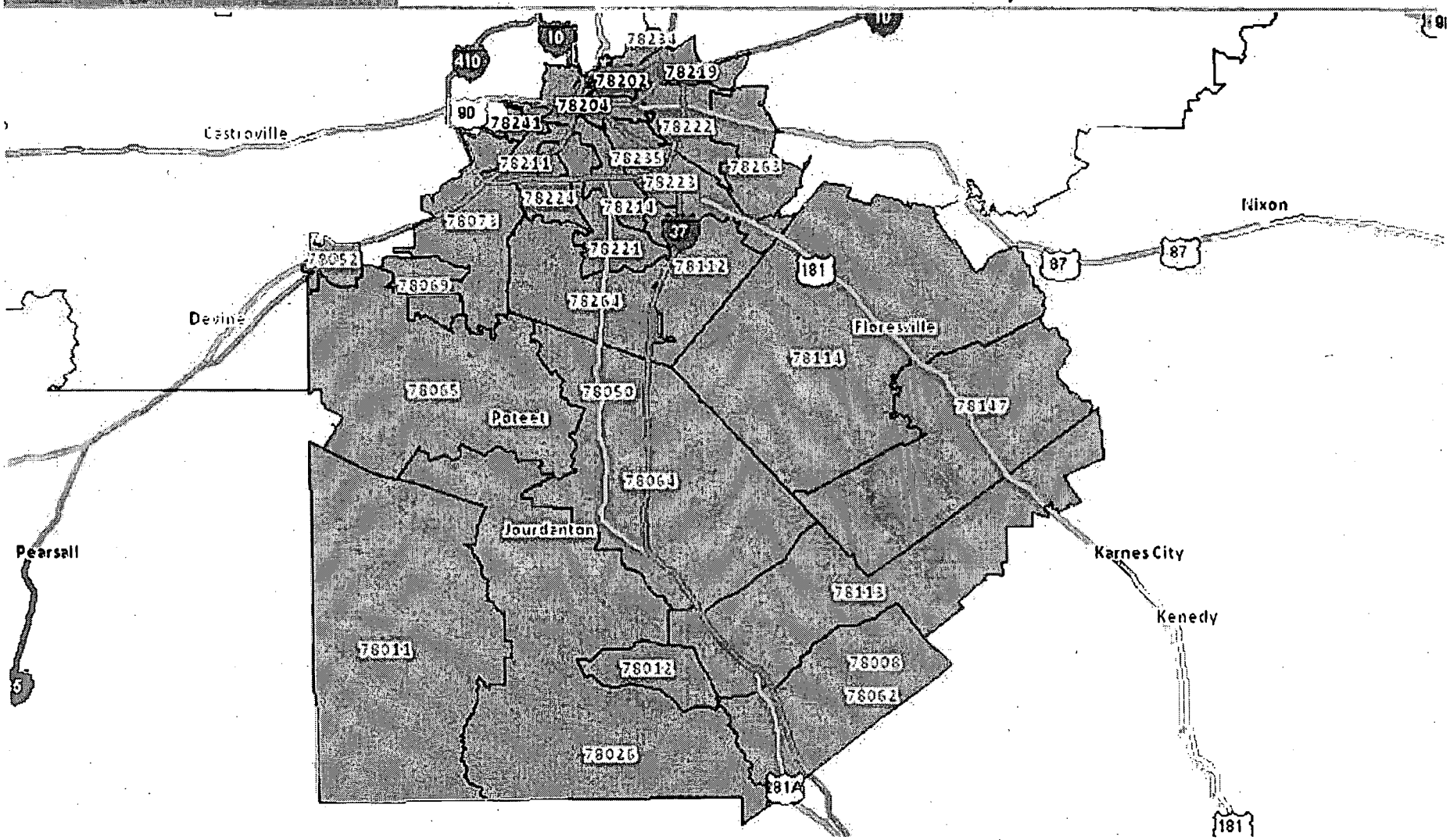
ROA 1198

Market: Texas

Franchise: TX005 San Antonio South

Franchise Map



Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
TX005 San Antonio South	15,863	203,88	6,053	1E4,281	3,673	101.12

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ROA 1199

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78008	Campbellton	13	123	5	107	2	50
TX005 San Antonio South	073 San Antonio	78011	Charlotte	42	409	13	351	4	260
TX005 San Antonio South	073 San Antonio	78012	Christine	9	382	4	372	2	182
TX005 San Antonio South	073 San Antonio	78026	Jourdanton	202	1,874	78	1,626	43	885
TX005 San Antonio South	073 San Antonio	78050	LEMING	5	183	1	175	0	0
TX005 San Antonio South	073 San Antonio	78052	Lytle	197	1,903	69	1,647	37	990
TX005 San Antonio South	073 San Antonio	78062	PEGGY	2	4	0	0	0	0
TX005 San Antonio South	073 San Antonio	78064	Pleasanton	550	5,177	217	4,511	108	2,707
TX005 San Antonio South	073 San Antonio	78065	Poteet	144	1,630	54	1,450	27	1,093
TX005 San Antonio South	073 San Antonio	78069	Somerset	76	663	31	573	16	352
TX005 San Antonio South	073 San Antonio	78073	Von Ormy	136	1,165	49	991	20	452
TX005 San Antonio South	073 San Antonio	78112	Elmendorf	102	911	39	785	22	438
TX005 San Antonio South	073 San Antonio	78113	Falls City	42	446	14	390	6	214
TX005 San Antonio South	073 San Antonio	78114	Floresville	498	4,570	184	3,944	96	2,473
TX005 San Antonio South	073 San Antonio	78147	Poth	54	474	26	418	11	265
TX005 San Antonio South	073 San Antonio	78202	San Antonio	327	3,449	125	3,047	70	1,900
TX005 San Antonio South	073 San Antonio	78203	San Antonio	182	1,919	63	1,681	39	1,020
TX005 San Antonio South	073 San Antonio	78204	San Antonio	595	8,869	226	8,131	178	2,955
TX005 San Antonio South	073 San Antonio	78205	San Antonio	2,288	34,630	861	31,778	858	14,108
TX005 San Antonio South	073 San Antonio	78206	SAN ANTONIO	23	297	11	273	5	195
TX005 San Antonio South	073 San Antonio	78207	San Antonio	1,584	23,170	580	21,164	345	11,656
TX005 San Antonio South	073 San Antonio	78208	San Antonio	158	2,610	74	2,442	38	1,688
TX005 San Antonio South	073 San Antonio	78210	San Antonio	874	10,692	261	9,466	156	6,341
TX005 San Antonio South	073 San Antonio	78211	San Antonio	752	6,774	203	5,676	100	2,997
TX005 San Antonio South	073 San Antonio	78214	San Antonio	638	5,814	214	4,966	105	2,675
TX005 San Antonio South	073 San Antonio	78215	San Antonio	459	6,401	208	5,899	153	4,085
TX005 San Antonio South	073 San Antonio	78219	San Antonio	993	21,081	534	20,163	276	11,474
TX005 San Antonio South	073 San Antonio	78220	San Antonio	481	6,153	191	5,573	102	3,741
TX005 San Antonio South	073 San Antonio	78221	San Antonio	959	9,760	349	8,540	173	5,191

ROA 1200

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FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78222	San Antonio	541	7,252	215	6,600	128	4,391
TX005 San Antonio South	073 San Antonio	78223	San Antonio	1,049	10,703	401	9,407	169	4,057
TX005 San Antonio South	073 San Antonio	78224	San Antonio	552	8,508	269	7,942	107	2,672
TX005 San Antonio South	073 San Antonio	78225	San Antonio	240	1,950	78	1,626	34	730
TX005 San Antonio South	073 San Antonio	78226	San Antonio	198	4,242	84	4,014	52	3,338
TX005 San Antonio South	073 San Antonio	78234	San Antonio	110	2,023	51	1,905	23	693
TX005 San Antonio South	073 San Antonio	78235	San Antonio	51	533	19	469	16	380
TX005 San Antonio South	073 San Antonio	78241	San Antonio	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78242	San Antonio	231	2,143	77	1,835	38	1,242
TX005 San Antonio South	073 San Antonio	78243	San Antonio	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78263	San Antonio	243	2,813	93	2,515	68	2,207
TX005 San Antonio South	073 San Antonio	78264	San Antonio	243	2,087	81	1,763	40	964
TX005 San Antonio South	073 San Antonio	78285	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78286	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78289	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78291	SAN ANTONIO	2	22	2	22	2	22
TX005 San Antonio South	073 San Antonio	78292	SAN ANTONIO	5	28	2	22	1	15
TX005 San Antonio South	073 San Antonio	78293	SAN ANTONIO	3	19	1	15	1	15
TX005 San Antonio South	073 San Antonio	78294	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78295	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78296	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78297	SAN ANTONIO	4	13	1	7	1	7
TX005 San Antonio South	073 San Antonio	78298	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78299	SAN ANTONIO	1	2	0	0	1	2

ROA 1201

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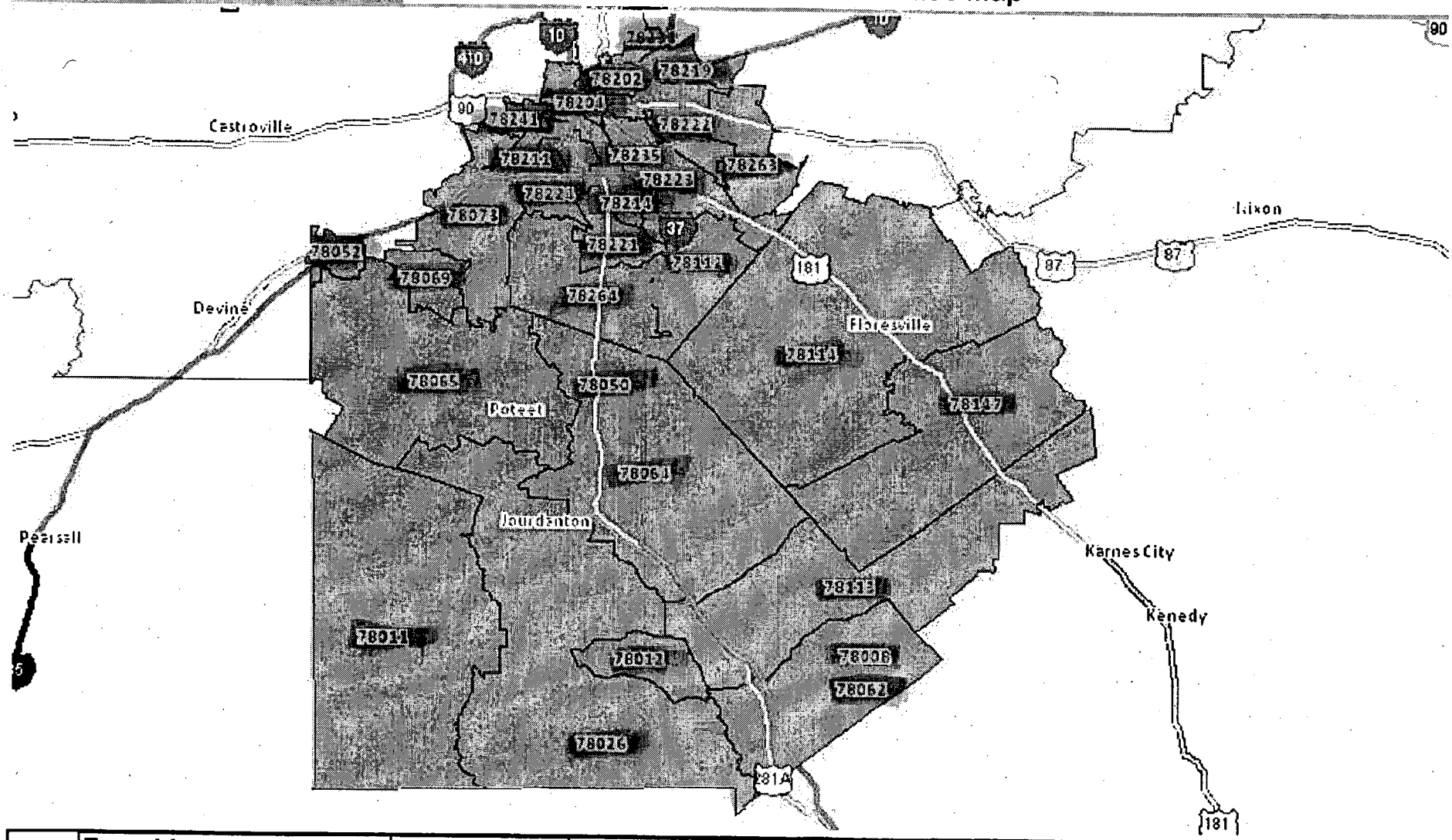
Market: Texas

Franchise: TX005 San Antonio South

Franchise Map

29



	Franchise	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
⊟ ⊞	TX005 San Antonio South	15,863	203,881	6,058	184,281	3,673	101,122

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ROA 1202

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Addendum to ARCpoint Franchise Agreement

This document is made on March 14, 2012, by and between Employer's Choice Testing, LLC and ARCpoint Franchise Group, LLC in reference to The Franchise Agreement dated March 14, 2012 between Employer's Choice Testing, LLC and ARCpoint Franchise Group, LLC.

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions outlined below. These changes/additions shall be made valid as if they are included in the original stated contract.

Franchisee shall pay all training fees no later than 30 days prior to attending initial training at corporate headquarters.

Franchisee will not be required to fund the ARCpoint Sales Acceleration Program ("ASAP") upon execution of the Franchise Agreement. However, Franchisee shall be required, throughout the first year of operations, to pay certain marketing, advertising, and promotional expenses as Franchisor requires of all similarly situated Franchisees who have funded their ASAP, up to a maximum of $15,000. These expenses may be incurred initially by Franchisor, which shall then be reimbursed by Franchisee, immediately upon being invoiced, or Franchisor may require Franchisee to pay these expenses directly to the vendor as they come due. All other stipulations set out in the Franchise Agreement, regarding the ASAP remain.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum.

ARCpoint Franchise Group, LLC

By: Felix Miranda

Signature

Title: CEO

Franchisee: Employer's Choice Testing, LLC

By: Carolyn Hudson

Signature

Title: President

Addendum to ARCpoint Franchise Agreement

This document is made on April 17, 2012, by and between Mark Hudson and ARCpoint Franchise Group, LLC in reference to the Franchise Agreement dated March 14, 2012, between Employer's Choice Testing, LLC and ARCpoint Franchise Group, LLC.

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions that are outlined below. These additions shall be made valid as if they are included in the original stated contract.

The attached document entitled "San Antonio Protected Territory Zip Code List", which includes all zip codes in the Protected Territory, shall take the place of those zip codes listed as inclusive of the Protected Territory in the above mentioned Franchise Agreement, and be incorporated into the original Agreement.

No other terms or conditions of the above mentioned Agreement shall be negated or changed as a result of this stated addendum.

Franchisor: ARCpoint Franchise Group, LLC

By: Felix Miranda

Signature:

Title: CEO

Franchisee: EMPLOYER'S CHOICE TESTING

By: MARK HUDSON

Signature: MW Hudson

Title: VICE PRESIDENT

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San Antonio Protected Territory Zip Code List

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78008	Campbellton	13	123	5	107	2	50
TX005 San Antonio South	073 San Antonio	78011	Charlotte	42	409	13	351	4	260
TX005 San Antonio South	073 San Antonio	78012	Christine	9	382	4	372	2	182
TX005 San Antonio South	073 San Antonio	78026	Jourdanton	202	1,874	78	1,626	43	885
TX005 San Antonio South	073 San Antonio	78050	LEMING	5	183	1	175	0	0
TX005 San Antonio South	073 San Antonio	78052	Lytle	197	1,903	69	1,647	37	990
TX005 San Antonio South	073 San Antonio	78062	PEGGY	2	4	0	0	0	0
TX005 San Antonio South	073 San Antonio	78064	Pleasanton	550	5,177	217	4,511	108	2,707
TX005 San Antonio South	073 San Antonio	78065	Poteet	144	1,630	54	1,450	27	1,093
TX005 San Antonio South	073 San Antonio	78069	Somerset	76	663	31	573	16	352
TX005 San Antonio South	073 San Antonio	78073	Von Ormy	136	1,165	49	991	20	452
TX005 San Antonio South	073 San Antonio	78112	Elmendorf	102	911	39	785	22	438
TX005 San Antonio South	073 San Antonio	78113	Falls City	42	446	14	390	6	214
TX005 San Antonio South	073 San Antonio	78114	Floresville	498	4,570	184	3,944	96	2,473
TX005 San Antonio South	073 San Antonio	78147	Poth	54	474	26	418	11	265
TX005 San Antonio South	073 San Antonio	78202	San Antonio	327	3,449	125	3,047	70	1,900
TX005 San Antonio South	073 San Antonio	78203	San Antonio	182	1,919	63	1,681	39	1,020
TX005 San Antonio South	073 San Antonio	78204	San Antonio	595	8,869	226	8,131	178	2,955
TX005 San Antonio South	073 San Antonio	78205	San Antonio	2,288	34,630	861	31,778	858	14,108
TX005 San Antonio South	073 San Antonio	78206	SAN ANTONIO	23	297	11	273	5	195
TX005 San Antonio South	073 San Antonio	78207	San Antonio	1,584	23,170	580	21,164	345	11,656
TX005 San Antonio South	073 San Antonio	78208	San Antonio	158	2,610	74	2,442	38	1,688
TX005 San Antonio South	073 San Antonio	78210	San Antonio	874	10,692	261	9,466	156	6,341
TX005 San Antonio South	073 San Antonio	78211	San Antonio	752	6,774	203	5,676	100	2,997
TX005 San Antonio South	073 San Antonio	78214	San Antonio	638	5,814	214	4,966	105	2,675
TX005 San Antonio South	073 San Antonio	78215	San Antonio	459	6,401	208	5,899	153	4,085
TX005 San Antonio South	073 San Antonio	78219	San Antonio	993	21,081	534	20,163	276	11,474

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FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
TX005 San Antonio South	073 San Antonio	78220	San Antonio	481	6,153	191	5,573	102	3,741
TX005 San Antonio South	073 San Antonio	78221	San Antonio	959	9,760	349	8,540	173	5,191
TX005 San Antonio South	073 San Antonio	78222	San Antonio	541	7,252	215	6,600	128	4,391
TX005 San Antonio South	073 San Antonio	78223	San Antonio	1,049	10,703	401	9,407	169	4,057
TX005 San Antonio South	073 San Antonio	78224	San Antonio	552	8,508	269	7,942	107	2,672
TX005 San Antonio South	073 San Antonio	78225	San Antonio	240	1,950	78	1,626	34	730
TX005 San Antonio South	073 San Antonio	78226	San Antonio	198	4,242	84	4,014	52	3,338
TX005 San Antonio South	073 San Antonio	78234	San Antonio	110	2,023	51	1,905	23	693
TX005 San Antonio South	073 San Antonio	78235	San Antonio	51	533	19	469	16	380
TX005 San Antonio South	073 San Antonio	78241	San Antonio	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78242	San Antonio	231	2,143	77	1,835	38	1,242
TX005 San Antonio South	073 San Antonio	78243	San Antonio	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78263	San Antonio	243	2,813	93	2,515	68	2,207
TX005 San Antonio South	073 San Antonio	78264	San Antonio	243	2,087	81	1,763	40	964
TX005 San Antonio South	073 San Antonio	78285	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78286	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78289	SAN ANTONIO	0	0	0	0	0	0
TX005 San Antonio South	073 San Antonio	78291	SAN ANTONIO	2	22	2	22	2	22
TX005 San Antonio South	073 San Antonio	78292	SAN ANTONIO	5	28	2	22	1	15
TX005 San Antonio South	073 San Antonio	78293	SAN ANTONIO	3	19	1	15	1	15
TX005 San Antonio South	073 San Antonio	78294	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78295	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78296	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78297	SAN ANTONIO	4	13	1	7	1	7
TX005 San Antonio South	073 San Antonio	78298	SAN ANTONIO	1	2	0	0	0	0
TX005 San Antonio South	073 San Antonio	78299	SAN ANTONIO	1	2	0	0	1	2

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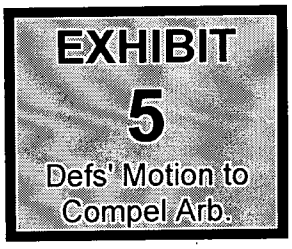

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ARCPOINT FRANCHISE GROUP, LLC

FRANCHISE AGREEMENT

This Franchise Agreement, made this 19 day of April, 20 12, is by and between ARCpoint Franchise Group, LLC, a South Carolina limited liability company, having its principal place of business at 123 North Main St, Suite 325, Greenville, South Carolina 29601 ("Franchisor"), and Michael R. Gammel, whose principal address is 739 Windsor Rd., Glenview, IL 60025, an individual established in the State of Illinois ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed and are in the process of further developing a System identified by the trademark "ARCpoint" and relating to the establishment, development and operation of "ARCpoint Businesses" that provide affordable, full-service drug screening, DNA testing and other logistical solutions for a wide variety of client organizations including businesses, schools, government and private individuals; and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons and business entities the right to own and operate a single ARCpoint Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate an ARCpoint Business, has applied for a Franchise and its application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating its Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "ARCpoint Franchise Group, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

* Capitalized terms not defined upon first use are defined in Section 1.

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"Approved Supplier(s)" has the meaning given to such term in Section 13.1;

"Protected Territory" has the meaning given to such term in Section 2.5;

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) drug screening or other testing services the same as or similar to those provided by ARCpoint Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"Confidential Information" means any trade secret and any information or matter that is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates and is not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including knowledge and experience in operating an ARCpoint Business, product specifications, operational and production techniques and methods, record keeping and reporting methods, accounting systems, management and personnel training techniques, sales and promotion techniques, policies, procedures, standards, specifications for signs, displays, business forms and stationery, the Manual, research and development, lists of franchisees and suppliers, suggested pricing and cost information) and any other information or material identified to Franchisee by Franchisor as confidential;

"Cooperative Advertising" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section 11.4;

"Designated Manager" if Franchisee is a legal business entity, (such as a corporation, limited liability company and other legal business entity), "Designated Manager" means the individual holder of a legal interest in Franchisee, designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Effective Date" means the date on which Franchisor and Franchisee fully execute this Agreement is fully executed, thereby commencing its effectiveness and term;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"Franchise Fee" has the meaning given to such term in Section 3.1;

"Franchised Business" means the ARCpoint Business to be established and operated by Franchisee pursuant to this Agreement;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means ARCpoint Franchise Group, LLC; a South Carolina limited liability company;

Generally Accepted Accounting Principles" or **"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

"Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash,

credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business;

"Incapacity" means the inability of Franchisee or any holder of a legal or beneficial interest in Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

"Local Advertising" has the meaning given to such term in Section 11.2;

"Manual" means the ARCpoint Operations Manual and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Marketing Fund" has the meaning given to such term in Section 11.3;

"Marketing Fund Contribution" has the meaning given to such term in Section 11.3;

"Marks" means the service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with ARCpoint Businesses;

"National Accounts" means customers or referral sources with locations in, desiring ARCpoint services or products in, or referring customers from multiple ARCpoint market areas;

"Royalty Fee" has the meaning given to such term in Section 3.3; and

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an ARCpoint Business.

"**Territory Center**" means the area within a Protected Territory which has been determined to be the weight average of the metrics of total business and total select businesses and the employees as well as factor such traffic patterns in computing the zip code that is the most central and well position location for an office.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) ARCpoint Business using the System and Marks.

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2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is:

_____

_____

_____.

2.3 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location of the Franchised Business is not determined as of the Effective Date, Franchisee shall select an Approved Location within the Protected Territory according to the process described in Section 5.1. When the Approved Location is determined, its address shall be inserted into Section 2.2 by Franchisor and the Designated Area shall lapse. The failure to insert such address into Section 2.2 shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations hereunder.

2.5 Protected Territory

2.5.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other ARCpoint Business or other substantially similar business within an area ("Protected Territory") surrounding the Approved Location and containing approximately two hundred fifty thousand (250,000) persons and at least 10,000 total businesses which includes a minimum of 4,000 targeted businesses (5 or more employees). Population demographics shall be determined by reference to the most recent figures available from research provided by Data Depot, 6822 22nd Avenue North, Suite 284 St. Petersburg, Florida, 33710 and Territory Solutions International, 11 Golden Corner Way, Randolph, NJ 07869. at the time the Protected Territory is designated. The Protected Territory shall be defined by and exist within the following physical, political or natural boundaries:

_____See Attached Protected Territory List_____

_____

_____.

2.6 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.5 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, ARCpoint Businesses outside of the Protected Territory as Franchisor deems appropriate;

2.6.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Protected Territory;

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2.6.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.6.3.1 offer the franchisee the right of first refusal to purchase any competing business in the franchisees Protected Territory or to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a ARCpoint Business; or

2.6.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.6.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Protected Territory;

2.6.5 provide the services and sell the products authorized for ARCpoint Businesses using the Marks or other trademarks, service marks and commercial symbols through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate;

2.6.6 provide the services and sell the products authorized for ARCpoint Businesses to a customer whose principal residence (or principal business office if the client is a business entity) is located within the Protected Territory if contact with Franchisor is initiated by the client and not Franchisor; and

2.6.7 engage in any activities not expressly forbidden by this Agreement.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers whose principal business office (or principal residence, (or principal business office, if the customer is a business entity), (if the client is a natural person) is within a defined geographic area ("Protected Territory") surrounding the Franchised Business and defined in Section 2.5.1; provided, however, Franchisee has the right to provide services and sell products to customers located outside of the Protected Territory if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Protected Territory of another Franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other ARCpoint Business, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

Franchisor may establish National Accounts that franchisee will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint

franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of THIRTY FIVE THOUSAND _____ DOLLARS ($ 35,000). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

The Initial Franchise Fee is $35,000 for either the Full Service market franchise and the ARCpoint Mobile franchise. If you wish to open additional franchises, you will receive a discount on the franchise fee as follows:, Multi-Unit franchise fees for territory one is $35,000, territory two is $30,000, territory three is $25,000 and territory four or more is $20,000 for each additional territory. The franchise fees are paid to us in a lump sum when you sign the Franchise Agreement and is non refundable except as described below. The franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees If you purchase multiple territories, all franchise fees are payable when the franchise agreement is executed. You must sign separate franchise agreements for each additional franchise you acquire.

3.2 Initial Training Fees

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Upon execution of this Agreement, Franchisee shall pay a Fee (Certification and Drug and Alcohol Training) to Franchisor for initial training, certification and drug and alcohol training of EIGHT THOUSAND DOLLARS ($8,000). The Training Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.3 Royalty Fee

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to five percent (5%) of Gross Sales for the preceding month or a monthly minimum of THREE HUNDRED FIFTY DOLLARS ($350.0), whichever is greater. Franchisee shall pay the Royalty Fee and submit the Gross Sales Report monthly from the previous month's sales. Each Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.8, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.4 National Marketing Fund

Each month, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("National Marketing Fund Fee") equal to three percent (3%) of Gross Sales for the preceding month. Franchisee shall pay the National Marketing Fund Fee and submit the Gross Sales Report monthly from the previous month's sales. Each National Marketing Fund Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 12.2. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.87, then such reports shall instead be submitted to Franchisor via facsimile or electronic transmission.

3.5 ARCPoint Sales Accelerated Program,

Franchisee will pay $15,000 for the Sales Accelerated Program ("ASAP") to Franchisor upon execution of the franchise agreement. This program will last a minimum of 6 – 12 months and will be used for lead generation, sales coaching, Google Ad Word campaigns, e-mail marketing etc. and appointment management. Franchisor will provide you with guidance for conducting the accelerated sales program, and Franchisor will review and approve the materials that the Franchisee will use in the ARCpoint accelerated sales program advertising.

3.6 The California and Nevada Regional Cooperative Advertising, Marketing/Operational and Promotional Association (CAMPA).

The CAMPA Marketing Fund shall be used for the benefit of all franchisees in the California and Nevada region, and solely for local and regional marketing, advertising, public relations, sales coaching and mentoring programs as well as promotional events. Franchisee must contribute SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) to this fund upon execution of the franchise agreement and is included in the $15,000 payment to the ASAP described in Section 3.3. An ongoing CAMPA fund of two percent (2%) of gross sales will be electronically deducted monthly in the same manner as the Royalty Fee. This fee is included in the 3% monthly deduction of the National Marketing Fund as described in Section 3.3 above . These programs will last the first three years and if average sales are less than average of other franchisees in the CAMPA, continued participation in sales coaching and mentoring programs may be required.

3.7 Technology Development and Software Fund

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Franchisee will be required to pay a monthly fee of EIGHTY-FIVE DOLLARS ($85.00) through electronic transfer. This fee covers the cost of technical support, subscription fees, upgrades, and maintenance provided the developers of Franchisor's proprietary software, intranet and internet sales. This fund will be used for long-term development and ongoing maintenance of technology to become an innovative cutting edge company that can gain and maintain a competitive edge in the market place.

3.8 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.9 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.10 Interest

Any Royalty Fees or Marketing Fund Contributions due on revenues collected directly by Franchisee, and any other amounts due from Franchisee, that are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees,including a late fee of $100. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

4. TERM AND RENEWAL

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4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Term

Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to two (2) successive renewal terms of five (5) years each, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, legal representatives, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. APPROVED LOCATION

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5.1 Selection of Site

If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to potential clients, proximity to other ARCpoint Businesses, lease requirements, proximity to major roads and overall suitability. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.2, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.3 Lease of Approved Location

After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. *Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such lease.* Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. At Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law;

5.3.7 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.3.8 a provision stating that any default under the lease shall constitute a default under this Agreement;

5.3.9 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.10 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease, to enter the premises and remove any signs containing the Marks and trade fixtures; and

5.3.11 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of an ARCpoint Business, including specifications for exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such specifications within ninety (90) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ a competent licensed architect, or general contractor or engineer to prepare, for Franchisor's approval, preliminary plans and specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

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5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.4.4 employ a qualified, licensed general contractor, approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required for the operation of the Franchised Business; and

5.4.6 obtain at least one (1) telephone number and one (1) fax number solely dedicated to the Franchised Business.

5.5 Opening

5.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.5.1.2 complete initial training to the satisfaction of Franchisor;

5.5.1.3 furnish Franchisor with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.5.1.4 pay in full all amounts due to Franchisor;

5.5.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.5.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.5.1.7 if Franchisee is a business entity, cause to be printed on the face of each of its stock certificates or other ownership interest certificates a statement in form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

5.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within five (5) months after the Effective Date. Time is of the essence.

5.5.3 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent.

5.6 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is

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terminated pursuant to this Section 5.6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of an ARCpoint Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.5. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.1.1.

6. MARKS

6.1 Ownership

Franchisee acknowledges that Franchisor and its Affiliate are the exclusive owners of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to

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Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification a prominent notice stating that the Franchised Business is Franchisee's "Independently Owned and Operated ARCpoint Franchise."

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any product or other inventory items offered for retail sale, used in the preparation of products offered for retail sale or used in rendering services, to test whether such products or items meet Franchisor's then-current standards.

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Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview customers and employees and to photograph or videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "ARCpoint" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "ARCpoint" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), of Franchisee) (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefore and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

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7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ARCpoint franchisees if owners of ARCpoint Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business, customer, referral source or supplier of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to the Designated Manager and one (1) assistant. At least two to four (2-4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction and not more than ninety (90) days after the Effective Date, an initial training program consisting of approximately eight (8) days of classroom instruction pertaining to operation of the Franchised Business including, but not limited to, collection, screening and analysis methods and procedures, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues.

Franchisor shall conduct the initial training program at its headquarters or at another designated location. One to two weeks prior to opening the franchisee must spend one (1) to five (5) days at the corporate lab or a certified franchisee lab for a refresher and hands on training. Franchisor is entitled to a fee for the initial training and certification and all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business and included in the Initial Training Fee, Franchisor shall make available to Franchisee, for three (3) days, one (1) of Franchisor's representatives, (who could be a Franchise Mentor), experienced in the System, for the purpose of providing general assistance and marketing support in connection with the opening of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor's then-current standard rates, plus expenses. Franchisor may utilize the mentor program for on site training.

8.3 Failure to Complete Initial Training Program

If Franchisor determines, in its sole discretion, that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor may return to Franchisee twenty five percent (25%) of the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit A, satisfying the requirements of Section 18.2.3. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 New Designated Manager

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program for a fee of two hundred dollars ($200) per day. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.5 Ongoing Training

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than two (2) days in any calendar year. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

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9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement

9.2 Revisions to the Manual

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality of Manual

The Manual contains proprietary information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable medium, Franchisee shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or Internet site, if the Manual is maintained on-line by Franchisor in a password-protected site). Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) ONE DOLLAR ($1.00) during the first (1st) year of the term of this Agreement; (b) TEN THOUSAND DOLLARS ($10,000.00) in the aggregate during the entire

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initial term of this Agreement (which amounts may be increased consistent with increases to the Consumer Price Index, [U.S. City Average, all items, 1982-84=100], as published by the United States Department of Labor, Bureau of Labor Statistics ["CPI-U"]); or (c) ONE DOLLAR ($1.00) during the final year of the term of this Agreement if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular ARCpoint Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. MARKETING AND PROMOTIONAL ACTIVITIES

11.1 ARCpoint Sales Acceleration Program

Prior to, and/or during a period of approximately three (3) months to twelve (12) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor to Franchisor as a pre payment for the ARCpoint Sales Acceleration Program. Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend for the ARCpoint Sales Acceleration Program based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor shall specify the time at which Franchise shall conduct ARCpoint Sales Acceleration Program Advertising. This program will encompass Numerous marketing initiatives including lead generation telemarketing, Google Ad Word campaigns, SEO optimization, sales coaching, web page development, additional on site visits etc. ARCpoint Sales Acceleration Program Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee may wish to do additional advertising in the local market. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

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11.3 National Marketing Fund

Franchisor has established and Franchisor administers a System-wide marketing, advertising and promotion fund ("National Marketing Fund"). Franchisee shall be required to contribute monthly to the National Marketing Fund Contributions in an amount specified by Franchisor and which Franchisor may adjust from time to time, but which is currently three (3)% of the previous month's gross sales . National Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.3. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Marketing Fund Contribution requirements. The National Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's National Marketing Fund Contributions may be used to meet the costs of producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Marketing Fund.

11.3.2 Although Franchisor intends the National Marketing Fund, to be of perpetual duration, Franchisor has the right to terminate the National Marketing Fund at any time. The National Marketing Fund shall not be terminated, however, until all National Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.3 It is anticipated that all National Marketing Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Marketing Fund and next out of prior year contributions and then out of current contributions.

11.3.4 Each ARCpoint Business operated by Franchisor, or any Affiliate of Franchisor, shall make National Marketing Fund Contributions at the same rate as franchised ARCpoint Businesses.

11.3.5 At Franchisee's request, Franchisor shall prepare an accounting of the National Marketing Fund's operation during the most recently completed fiscal year. Franchisor retains the right to have the National Marketing Fund reviewed or audited and reported on, at the expense of the National Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.6 Franchisee acknowledges that the National Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Marketing Fund.

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11.4 Cooperative Advertising (CAMPA)

Franchisor has created a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program for the benefit of ARCpoint Businesses located in California and Nevada. Franchisor has the right to allocate any portion of the National Marketing Fund to the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. A fee of SEVENTY FIVE HUNDRED DOLLARS ($7,500.00) is due with the execution of the franchise agreement. Franchisee shall make monthly Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) fund payments in the form a monthly deduction from the Gross Sales, the amount of which will be set by Franchisor and may be adjusted from time to time, but shall not exceed two percent (2%) of that month's Gross Sales and is included in the monthly payment of 3% of Gross Sales to the National Marketing Fund described in Section 11.3 above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program, and to require that Franchisee participate in such Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) programs when established within Franchisee's region. If a Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising Marketing/Operational and Promotional Association (CAMPA) program. Franchisee shall participate in the council according to the council's rules association and procedures and Franchisee shall abide by the council's decisions.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at *www.arcpointlabs.com* that provides information about the System and the services that ARCpoint Businesses provide. Franchisor may, at its option, include at the ARCpoint website an interior page containing information about the Franchised Business. If Franchisor includes such information on the ARCpoint website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locaters, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the ARCpoint website. If the Franchisor receives an order or lead over the Internet that originated within the Franchisee's territory, that order will be given to the Franchisee to fill. The website is intended to help promote the Franchisee's business with sales leads as an informal portal.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its trade area and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other ARCpoint Businesses operating within the distribution area of the directories. If a joint listing is obtained, all ARCpoint Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings. Franchisor retains the right to order, install, manage and own the telephone number for the Franchisee.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor retains the right to outsource all accounting functions to a third party at negotiated prices.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for each month in a form and through a method that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the third (3rd) day of each month. If the third (3rd) day of the month falls on a Sunday, Franchisee shall submit the Gross Sales Report on the fourth (4th) day of the month. Sales reports that are not posted by the 10th of each month will be charged a minimum of $500 or 3 months average sales for the required royalty payment

12.3 Financial Statements

Franchisee shall supply monthly to Franchisor on or before the end of the following month in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty-five (45) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of December 31 of such year. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall purchase, install and use computer systems including a laptop, consisting of hardware and software in accordance with Franchisor's specifications. Franchisee shall use the computer system to maintain its business records, customer information and sales and other financial information in a format that may 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.

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12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If an audit discloses an underpayment of three percent (3%) or more of the amount due for any period covered by such audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If no discrepancies are found then Franchisor shall incur the cost for the audit.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Franchisor shall accept copies of documents provided under third party supervision.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee shall provide only those services, sell only those products and use only those supplies, signs, equipment and other products that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such products shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not provide or offer for sale through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

13.1.2 Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified products, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or an Affiliate. If Franchisee desires to offer for sale or use any product that Franchisor has not approved (for products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a product or supplier. Franchisor shall decide within thirty (30) days after receiving the required information whether Franchisee may purchase such products from such supplier. Approval of a supplier

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may be conditioned on the supplier's ability to provide sufficient quantity of product; the quality and price of products; the supplier's production and delivery capability; and the supplier's dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any products or suppliers. Franchisor may revoke its approval of any product or supplier at any time, and in its sole discretion, by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using any products disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more franchisees to provide certain services or use certain products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or use the same products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits

13.1.6 At no time shall you offer any service or product, through any business entity in which you have any equity interest, to any customer or potential customer of any franchisee (including yourself) or affiliate. Likewise, at no time shall you offer any service or product, through any business entity in which you have any equity interest, to any competitor of any franchisee (including yourself) or affiliate. Such products and services shall include, but are not limited to, medical review officer services, training and compliance services, computer, internet, or accounting software services designed for the drug testing industry, policy implementation services and advice services (such as "Drug Free Work Place"), or training services of any kind related to the drug testing industry.

13.1.7 We may establish National Accounts that you will have an opportunity to provide services to. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If we do establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.

13.1.8 As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider.

13.1.9 As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection

services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.1.10 As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the premises of the Franchised Business and any vehicles, furniture, fixtures, equipment and signage in "like new" condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct full time day to day supervision of Franchisee and cannot be initially operated by an absentee owner. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave and similar absences, unless otherwise approved in writing by Franchisor. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager who need not have an equity interest in the financial business.

13.4 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.5 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

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13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.8 Uniforms

Franchisee shall abide by any uniform requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.9 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee will use the ARCpoint domain with first initial and last name @arcpointlabs.com as their e-mail address

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge a fee for the normal use of this service; provided,

however, that Franchisor retains the right to charge a fee or refuse any particular request for this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor's Affiliate in operating a business similar to ARCpoint Businesses, the experience of Franchisor's franchisees in operating ARCpoint Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 National Accounts

Franchisor may, but is not obligated to, establish National Accounts requiring ARCpoint services in the Franchised Business's Protected Territory. National Accounts are narrowly defined as corporations having branches or franchises in more than one state, that have agreed at the corporate level, to award ARCpoint and its franchises the first right of refusal in all territories in which they exist. If Franchisor does establish such an account, Franchisee has the right to service such account. If Franchisor does establish a National Account, we reserve the right to retain 25% of the revenue (or an agreed upon collection fee) received from National Accounts to compensate us for our sales, administration and billing efforts. At this time, we have no established National Accounts.. If Franchisee elects not to service any National Account, Franchisor has the right to service National Accounts within the Protected Territory itself, or to allow other ARCpoint Businesses or third parties to service such accounts.

As a franchisee, if you establish a national account, you are required to allow other ARCpoint franchisees the first right of refusal to provide collection services to this account in territories you do not own. If another ARCpoint franchisee provides collection services you shall receive 25% of the revenue (or an agreed upon collection fee) to compensate for the sales, administration and billing efforts. If an ARCpoint franchisee in a territory that you need to service per your National Account declines to provide collection services for the account, then you have the right to seek collection services through another third-party-provider. .

As a franchisee if you establish a Regional Account that has locations in another franchisee's territory, you are required to allow the other ARCpoint franchisee the first right of refusal to provide collection services to this account in that territory. IF they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding Regional Accounts. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

As a franchisee, you are also free to establish accounts outside of your territory as long as no other franchisee has purchased that particular territory. If at any point in the future, a franchisee purchases that territory in which you currently do business, you are required to cease doing all business within that territory within 60 days of the purchase by franchisee and shall do all things necessary to transfer business to the new franchisee. However, should the customer you are doing business with, in the other franchisee's territory, express in writing to us that they wish to continue the business relationship with you, rather than establish a relationship with the new franchisee, you must allow then new franchisee first right of refusal to provide collection services for the account. If they decline, you have the right to seek collection services through another third-party-provider. The fee for these collections shall be negotiated between the franchisees with our assistance if desired. We do not establish a definitive structure for sharing revenue as between franchisees regarding this situation. We do have a suggested in-network collection fee similar to those structured with national labs (which does not address travel to remote locations) and would also refer you to the revenue sharing structure for National Accounts as a guide.

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14.3 Periodic Visits

Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies, except those identified in Section 15.1.2, shall expressly name Franchisor as an additional insured or loss payee and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.4 errors and omissions insurance, whether as a stand-alone policy or as part of the comprehensive general liability insurance, against claims for negligence in connection with the performance of ARCpoint services, including specimen collection, analysis and testing and test or result reporting, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.1.5 business interruption insurance in amounts and with terms acceptable to Franchisor;

15.1.6 automobile liability insurance for owned or hired vehicles with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

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15.1.7 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.3.

15.1.8 Medical mal practice insurance for clinical and wellness testing with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law;

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification and within the Financial Size Category "IX" or higher, each as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

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16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish and equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 after notices to cure fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.1.7 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the sale of the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

16.2.1.11 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

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16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedes* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 misuses or makes an unauthorized use of any of the Marks, Trade Secrets or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.15 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.18 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.19 defaults under any other agreement between Franchisor (or an Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, upon any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement.

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16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Sales to Franchisee

If Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, in addition to Franchisor's other remedies, Franchisor and its Affiliate(s) reserve the right to suspend the sale of any services or products to Franchisee for which Franchisor or an Affiliate is an Approved Supplier until such time as Franchisee corrects the default.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2 if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "ARCpoint" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

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17.1.5 pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but shall not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of an early termination of this Agreement and any other amounts due to Franchisor or its Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Manual and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and permanently remove from Franchisee's computer or computer data storage devices any electronic copy or backup of the Manual and all other Confidential Information;

17.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.9 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

17.2.2 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other ARCpoint Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit B.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended to grant Franchisee a right to operate other businesses and in no way is it intended to contradict Sections 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all trade dress or other physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

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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18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor, including its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit A, of any and all claims against Franchisor and its officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWELVE THOUSAND FIVE HUNDRED DOLLARS ($12,500).

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor, and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee, as required, pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

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18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice law provision being applicable only for this Section 18.6. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such death or Incapacity of such person as described in Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED DOLLARS ($200.00) per day, and Franchisor shall be entitled

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to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or successor hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business

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operating pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 (or as otherwise specified by Franchisor) on all forms, stationery or other written materials. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. In no event shall this Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

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22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

ARCpoint Franchise Group, LLC
Attention: President
220 North Main St. Suite 325
Greenville, South Carolina 29601

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations

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attached as Exhibit C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's ARCpoint Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of nor affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

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22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

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23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action, whether through litigation or arbitration, brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information or covenants against competition, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Greenville County, South Carolina, in accordance with the Commercial

Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court located in or serving Greenville County, South Carolina, shall conduct the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an ARCpoint Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

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24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.6.1 ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

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IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ARCPOINT FRANCHISE GROUP, LLC

By: _____

Name: Felix Mirando, III

Title: President/CEO

FRANCHISEE: Michael R. Gammel

Signed: _____

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EXHIBIT A TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

_____ the execution by ARCpoint Franchise Group, LLC, an South Carolina limited liability ("RELEASEE") of a successor franchise agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain franchise agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

_____ RELEASEE'S refund of fifty percent (50%) of the Franchise Fee RELEASOR paid to RELEASEE,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, legal representatives, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(type/print name)

By: _____

Name:_____

Title:_____
(or, if an individual)

Signed:_____

Name printed:_____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

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EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the 13 day of April, 2012, by and between Michael R. Gammel, ("Franchisee") (d/b/a an ARCpoint Franchise) and Michael R. Gammel ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated April 13, 2012 ("Franchise Agreement") by and between Franchisee and ARCpoint Franchise Group, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drug screening or other testing services and services and products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company..

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information**

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ARCpoint Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to ARCpoint Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venture, broker, distributor or the like in a ARCpoint Business.

3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ARCpoint" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ARCpoint Businesses or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ARCpoint Businesses.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ARCpoint Businesses to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ARCpoint Businesses.

4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement

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shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Greenville County, South Carolina. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

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j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE: Michael R. Gammel

By:_____

Its:_____

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EXHIBIT C TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this 13 day of April, 20 17, by. Michael R. Gammel.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by ARCpoint Franchise Group, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Michael R. Gammel ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of South Carolina (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of South Carolina and the United States District Court located in or serving Greenville County, South Carolina and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or

the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Michael R. Gammel
Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

739 Windsor Rd.
Glenview, IL. 60025

TELEPHONE NO.:(312) 972-4443
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:100 %

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.:
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

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EXHIBIT D TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Holders of Legal or Beneficial Interest:

Name: Michael R. Gammel
Position/Title: Owner
Home Address: 739 Windsor Rd.
Glenview, IL 60025

Telephone No.: (312) 972-4443
E-mail address:
Percentage of ownership: 100 %

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership ____%

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: ____%

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership ____%

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership: ____%

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:
Percentage of ownership ____%

Officers and Directors:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

Name:
Position/Title:
Home Address:

Telephone No.:
E-mail address:

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement, made this 13 day of April, 2012, is by and between ARCpoint Franchise Group, LLC and Michael R. Gammel.

1. Due to Franchisor's financial condition, the Illinois Attorney General's Office has required and Franchisor has agreed to defer collection of the initial fees as described in Items 5 and 7 of the Disclosure Document and Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

2. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Disclosure Document and the Franchise Agreement for ARCpoint Franchise Group, LLC is amended as follows:

Item 17 of the Disclosure Document and Section 16 of the Franchise Agreement shall be amended to add:

- The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

Item 17 of the Disclosure Document and Sections 23.1 and 23.2 of the Franchise Agreement shall be amended to add:

- The Franchise Agreement shall be governed by Illinois Law. Jurisdiction and venue for litigation shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void; provided, however, that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

Item 17 of the Disclosure Document and Section 23.4 of the Franchise Agreement is amended to add:

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

Section 23.6 of the Franchise agreement shall be deleted in its entirety.

3 Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

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IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

ARCPOINT FRANCHISE GROUP, LLC:

By: _____

Title: CEO

Franchisee: Michael R. Gammel

By: _____

Title: _____

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Protected Territory Zip Code List

FRANCHISE	MARKET	ZIP5	ZC_LABEL	TOTAL BUS	TOTAL EMP	TGT BUS	TGT EMP	SIC BUS	SIC EMP
4004 Frankin Park	052 Chicago North	60007	Elk Grove Village	3,749	68,110	1,973	64,568	1,158	40,487
4004 Frankin Park	052 Chicago North	60009	ELK GROVE VILLAGE	4	41	1	35	1	35
4004 Frankin Park	052 Chicago North	60105	BENSENVILLE	0	0	0	0	0	0
4004 Frankin Park	052 Chicago North	60106	Bensenville	1,737	26,934	847	25,154	568	17,970
4004 Frankin Park	052 Chicago North	60131	Franklin Park	1,177	23,265	604	22,121	391	14,635
4004 Frankin Park	052 Chicago North	60160	Melrose Park	1,309	22,611	559	21,113	323	12,315
4004 Frankin Park	052 Chicago North	60161	MELROSE PARK	3	11	1	7	1	7
4004 Frankin Park	052 Chicago North	60164	Melrose Park	496	11,628	214	11,064	114	5,720
4004 Frankin Park	052 Chicago North	60165	Stone Park	172	1,478	70	1,274	37	783
4004 Frankin Park	052 Chicago North	60171	River Grove	374	4,037	122	3,533	71	2,184
4004 Frankin Park	052 Chicago North	60176	Schiller Park	591	10,439	298	9,853	164	5,159
4004 Frankin Park	052 Chicago North	60191	Wood Dale	1,002	15,255	483	14,221	273	8,511
4004 Frankin Park	052 Chicago North	60399	WOOD DALE	0	0	0	0	0	0
4004 Frankin Park	052 Chicago North	60666	Chicago	271	7,353	162	7,137	93	4,191
4004 Frankin Park	052 Chicago North	60688	CHICAGO	0	0	0	0	0	0
4004 Frankin Park	052 Chicago North	60701	CHICAGO	2	9	1	7	0	0

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Market: Illinois

Franchise: IL004 Franklin Park

Franchise Map

Territory	TOT_BUS11	TOT_EMP11	TGT_BUS11	TGT_EMP11	SIC_BUS11	SIC_EMP11
IL004 Franklin Park	10,887	191,171	5,335	180,087	3,194	111,997

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Addendum to ARCpoint Franchise Agreement

This document is made on Monday June 4, 2012, by and between Michael Gammel and ARCpoint Franchise Group, LLC in reference to The Franchise Agreement dated April 13, 2012, between Michael R Gammel and ARCpoint Franchise Group, LLC.

May it be known that the undersigned parties, for good consideration, do hereby agree to make the following changes and/or additions outlined below. These changes/additions shall be made valid as if they are included in the original stated contract.

Franchisee agrees to the following amendment to the training schedule as set out in the 2011 Franchise Disclosure Document, in order to align with the new training schedule outlined in the 2012 Franchise Disclosure Document, which begins June, 2012. Franchisee, by signing this Addendum, agrees that the new 5-day training schedule with video training series, meets their training needs and Franchisor's training requirements in the same general manner:

> Approximately 42 hours will be spent in our training facility at corporate headquarters, over a time span of 5 days. Additionally, approximately 18 hours of training will consist of our proprietary ARCpoint Video Training Series, which must be completed prior to attending training at corporate headquarters.
>
> This Video Training Series is viewable online and addresses drug, alcohol, and DNA testing and collection procedures and an overview of the methodologies involved in each category.
>
> Satisfactory completion of the Video Training Series and online examinations is required prior to attending Module One training at corporate headquarters.

No other terms or conditions of the above mentioned contract shall be negated or changed as a result of this here stated addendum.

Franchisee: Michael Gammel	ARCpoint Franchise Group, LLC
By: Michael Gammel	By: Felix Miranda
Signature:	Signature:
Title: President	Title: CEO