Received
LA Mail Room
FEB 28 2017
Department of
Business Oversight

# FRANCHISE DISCLOSURE DOCUMENT

AFC Franchising, LLC
An Alabama limited liability company
3700 Cahaba Beach Road
Birmingham, Alabama 35242
(205) 403-8902
www afcurgentcare com
franchise@afcurgentcare com

The franchisee will operate an urgent and accessible primary care management business that will establish and manage an urgent care center that, through independent physicians and professionally licensed persons or entities, provides various levels of patient care services, which include minor injuries, infections, workers' compensation injuries, sports physicals, travel medicine, colds and flu, and much more Each center will be equipped with several exam rooms, X-Ray Equipment, on-site laboratory, and, where permitted by law, a pharmacy dispensing the most common urgent care medicines

The total initial investment necessary to begin operation of a franchised business (in which you are not converting an existing urgent care business), ranges from $821,000 - $1,272,000 This includes $165,000 - $195,000 that must be paid to the franchisor or affiliate If you are converting an existing urgent care facility to be an "American Family Care" center that you will manage, the total initial investment necessary to begin operation of a franchised business ranges from $125,750 - $466,750 This includes $41,250 that must be paid to the franchisor or affiliate If you sign an Area Development Agreement to develop a certain number of franchised businesses, you must pay us a development fee of $55,000 for your first franchise and a non-refundable deposit of $10,000 for each additional franchise to be developed The initial franchise fee for subsequent franchises under the Area Development Agreement is $40,000

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read this disclosure document and all agreements carefully You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no governmental agency has verified the information contained in this document**

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Scott Hoots, 3700 Cahaba Beach Road, Birmingham, Alabama 35242, (205) 403-8902

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

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

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

Issued February 25, 2017

Non-registration States

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrators listed in Exhibit D for information about the franchisor or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

*1 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN ALABAMA OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN ALABAMA THAN IN YOUR HOME STATE

*2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT ALABAMA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 AS OF NOVEMBER 2016, MORE THAN HALF OF FRANCHISOR'S TOTAL ASSETS CONSISTED OF INTANGIBLES AND GOODWILL

4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

* Local law may supersede these provisions in the franchise agreement and area development agreement

**We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchises A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should do your own investigation of this franchise**

Certain states require franchisors to make additional disclosures related to the information contained in this disclosure document Such additional disclosures are included by Addendum to this disclosure document

Effective Date See the next page for state effective dates

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

| STATES | EFFECTIVE DATE |
|---|---|
| California | Pending |
| Illinois | March 30, 2016 |
| Indiana | June 20, 2016 |
| Maryland | April 13, 2016 |
| Michigan | May 14, 2016 |
| New York | April 21, 2016 |
| Rhode Island | May 27, 2016 |
| Utah | July 1, 2016 |
| Virginia | March 31, 2016 |
| Washington | April 11, 2016 |
| Wisconsin | March 31, 2016 |

**AMERICAN FAMILY CARE**
**FRANCHISE DISCLOSURE DOCUMENT**

## TABLE OF CONTENTS


| | | |
|---|---|---|
| ITEM 1 | THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES | 1 |
| ITEM 2 | BUSINESS EXPERIENCE | 6 |
| ITEM 3 | LITIGATION | 9 |
| ITEM 4 | BANKRUPTCY | 11 |
| ITEM 5 | INITIAL FEES | 11 |
| ITEM 6 | OTHER FEES | 12 |
| ITEM 7 | ESTIMATED INITIAL INVESTMENT | 16 |
| ITEM 8 | RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES | 23 |
| ITEM 9 | FRANCHISEE'S OBLIGATIONS | 27 |
| ITEM 10 | FINANCING | 29 |
| ITEM 11 | FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING | 29 |
| ITEM 12 | TERRITORY | 39 |
| ITEM 13 | TRADEMARKS | 42 |
| ITEM 14 | PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION | 44 |
| ITEM 15 | OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS | 46 |
| ITEM 16 | RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL | 47 |
| ITEM 17 | RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION | 49 |
| ITEM 18 | PUBLIC FIGURES | 53 |
| ITEM 19 | FINANCIAL PERFORMANCE REPRESENTATIONS | 53 |
| ITEM 20 | OUTLETS AND FRANCHISEE INFORMATION | 58 |
| ITEM 21 | FINANCIAL STATEMENTS | 62 |
| ITEM 22 | CONTRACTS | 62 |
| ITEM 23 | RECEIPTS | 62, Last Pages |


### Exhibits


A Franchise Agreement
A-1 Area Development Agreement
B Management Agreement
C Conversion Addendum
D List of State Administrators
E Agents for Service of Process
F List of Current Franchisees
G List of Former Franchisees
H Financial Statements
I Table of Contents for Operations Manual
J State-Specific Disclosures
K State-Specific Franchise Agreement Amendments
L State-Specific Area Development Agreement Amendments
M Amendment To Waive Management Agreement
N Franchisee Compliance Certification
O General Release
P Receipts (2 copies)

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

### The Franchisor

AFC Franchising, LLC is the franchisor and is referred to as "**Company**", "**AFCF**", "**us**", "**our**", and "**we**" in this disclosure document "**You**" and "**your**" means the person or entity that buys the franchise If you are a corporation, limited liability company, or general or limited partnership, the provisions of the franchise agreement also apply to your owners We are an Alabama limited liability company and were formed on March 19, 2013 Our principal place of business is at 3700 Cahaba Beach Road, Birmingham, Alabama 35242 Our agents for service of process are listed in Exhibit E to this disclosure document

### The Acquisition of the System

The "Doctors Express" franchise system relating to the operation and establishment of Doctors Express Centers ("**Centers**") was first developed and operated by our predecessors We became the franchisor of the "Doctors Express" franchise system on April 15, 2013, through an asset acquisition We began offering franchises for "Doctors Express" urgent care and accessible primary care management businesses ("**Franchised Businesses**") in May 2013 and "AFC/Doctors Express" in October 2013 In 2015, we implemented a plan wherein the name of the Franchised Businesses was changed from "AFC/Doctors Express" to "American Family Care" The transition began in October 2015 and we expect it to be complete by April 2017 at which time all Centers will be operated as American Family Care During the time of the transition, we are conducting our businesses under our entity name, the name "AFC/Doctors Express", "American Family Care", and no others We have the right to use and license others to use the names and marks "American Family Care" and "AFC and Design" pursuant to a Trademark License Agreement with Irwin Holdings, LLC ("Holdings") Our only business is to offer and sell franchises for Franchised Businesses and to provide products and support to our franchisees and master developer franchisees We do not offer, and have not in the past offered, franchises in any other line of business We do not operate, and have not operated, a business of the type described in this disclosure document, however, our Parent operates urgent and accessible primary care centers under the trade name "American Family Care"

### Our Parent & Affiliates

Our Parent is American Family Care, Inc , an Alabama corporation, and its principal place of business is 3700 Cahaba Beach Road, Birmingham, Alabama 35242 ("**Parent**") Parent opened its first urgent care clinic in 1982 in Hoover, Alabama As of 12/31/2016, it and its subsidiaries operated 66 clinics in Alabama, Florida, Georgia, Indiana and Tennessee Parent does not offer, and has not previously offered, franchises in this or any other line of business Parent may provide goods and services to our franchisees

We currently do not have any affiliates that offer, or have previously offered, franchises in this or any other line of business Parent is an approved supplier that provides or will provide construction oversight services, supplies and equipment (including vaccinations), laboratory consulting, new clinic set-up and an optional weight-loss program, products, and credentialing assistance to our franchisees Our affiliate, American Healthcare Resources, LLC ("AHR"), is an approved vendor of personnel, recruiting and other services to our franchisees and has the same address as our Parent Our affiliate, AFC Purchasing, LLC ("AFCP"), is an approved supplier of medical supplies, equipment, and other products to our franchisees and also has the same address as our Parent Other than Parent, AHR and AFCP, we do not currently have any other affiliates that provide products or services to our franchisees Our affiliate, AFC Holdings, LLC, provides all employees of Parent and its subsidiaries including AFCF

On April 15, 2013 (the "**Acquisition Date**"), we became the franchisor of the "Doctors Express" franchise system through as asset purchase from DRX Urgent Care, LLC ("**DRX**") and its parent, Immediate Clinic Healthcare, Inc ("**Immediate Clinic**") As of the Acquisition Date, we purchased the assets used in operating the franchise system, including all existing franchise agreements and master developer agreements, and the "Doctors Express" trademark DRX is a Nevada limited liability company that was formed on February 16, 2012, and its principal place of business was at 3931 East Camelback Road, Phoenix, Arizona 85018 DRX was dissolved February 29, 2016

**Our Predecessors and the Background of the Franchise System**

The "Doctors Express" franchise system relating to the establishment and operation of Centers was first developed by Doctors Express Franchising, LLC ("**DEF**") DEF began as a Maryland limited liability company ("**DEF Maryland**"), which was formed on July 29, 2008, and had its principal place of business at 8600 LaSalle Road, Suite 326, Towson, Maryland DEF Maryland first began offering franchises for Franchised Businesses in October, 2008 On December 29, 2011, DEF Maryland merged into Doctors Express Franchising, LLC (a Florida limited liability company), and the surviving entity was DEF Florida At that time, all of the assets of DEF Maryland, including the franchise agreements, became the assets of DEF Florida DEF Florida was the franchisor of the Doctors Express franchise system from December 29, 2011 until the March 1, 2012 DEF Florida's principal place of business was 1990 Main Street, Suite 750, Sarasota, Florida 34236 DEF Florida was dissolved January 13, 2014

On March 1, 2012, DRX became the franchisor of the "Doctors Express" franchise system by purchasing from DEF Florida the assets used in operating the franchise system, including all existing franchise agreements and master developer agreements, and its parent, Immediate Clinic, obtained the trademark rights owned by DEF Florida and its affiliate STATCARE GROUP, LLC ("**STATCARE**") DRX was the franchisor from March 1, 2012, until the Acquisition Date DRX did not operate Doctors Express Centers, but Immediate Clinic had established 5 company-owned Centers in the Seattle, Washington area Immediate Clinic continued to operate those locations as Centers for 6 months from the Acquisition Date They are no longer a part of our franchise system

For purposes of this disclosure document, "**Predecessors**" refers to DEF Maryland, DEF Florida, and DRX (and unless otherwise specified "DEF" refers to DEF Maryland and DEF Florida), as applicable for the relevant time period Except for the franchising of the single unit and master developer rights for Centers, none of the Predecessors offered franchises in any line of business or operated any other business

STATCARE operates and manages an urgent care clinic in Towson, Maryland STATCARE is a Maryland limited liability company, with its principal business address at 1220A E Joppa Road, Suite 109, Towson, Maryland 21286 STATCARE was established in December 2005, and from May 2006 to March 2015, it operated a Center in Maryland The Center owned, managed and operated by STATCARE was similar to the businesses that are described in this disclosure document STATCARE owned the Marks and licensed the Marks to DEF until March 1, 2012, when Immediate Clinic acquired the Marks and related rights STATCARE is an affiliate of DEF, but is not our affiliate

Other than STATCARE, there are no affiliates of our Predecessors that offer or have offered franchises in any line of business or provide products or services to our franchisees

**The Franchise Offered**

We and our Predecessors have developed an urgent and primary accessible care management system (the "**System**") relating to the development and management of Centers These Centers provide various levels of patient care services overseen by a physician which include minor injuries, infections,

workers' compensation injuries, sports physicals, travel medicine, colds and flu, and much more Each Center will be equipped with several exam rooms, X-Ray equipment, an on-site laboratory, and, where permitted by law, a pharmacy dispensing the most common urgent care medicines As described in this disclosure document, urgent care includes accessible primary care services

Centers are managed according to the System We grant you the right to use specified Marks under the Franchise Agreement Centers will use the "**AMERICAN FAMILY CARE**" name, "**AFC** and Design" and Marks

We offer franchises to persons or legal entities that meet our qualifications and are willing to undertake the investment and effort to own and operate businesses that will manage Centers under the System To operate a Franchised Business, you must enter into a Franchise Agreement with us and a Management Agreement with a professional entity (**"PC"**) that will own and operate the Center The Franchise Agreement is attached as Exhibit A The requirement for the franchisee to sign a Management Agreement with a PC applies unless your Center will be in a state that permits one entity to both manage and operate the Center, including the rendering of medical services by the medical professional of the Center We also offer to qualified persons the right to develop multiple Centers within a specified geographical area pursuant to our standard form area development agreement (the Area Development Agreement") The Area Development Agreement requires you to open an agreed upon number of Centers under a development schedule You will be required to sign our then-current franchise agreement for each Center that you open, provided that the Royalty Fee and Advertising Fee will remain 6% and 1%, respectively, of net payments during the initial term The Area Development Agreement is attached as Exhibit A-1

We also offer to existing independent operators and managers of urgent care centers the opportunity to convert their current center to a Center which it will manage as a Franchised Business (**"Conversion Franchisees"**) Conversion Franchisees will sign a Franchise Agreement as well as a Conversion Addendum which will modify the Franchise Agreement provisions to reflect their current business operations A copy of the Conversion Addendum appears at Exhibit C to this disclosure document

The Franchised Businesses and the System have distinctive characteristics These characteristics currently include providing site selection assistance, construction design, preferred vendor relationships for medical equipment and supplies, procedures for monitoring operations and quality of services offered, procedures for management, training and assistance, advertising and promotional programs, business formats, methods, procedures, standards, and specifications We may periodically change and improve the Franchised Businesses, Centers, and System

We use, promote, and license certain trademarks, service marks, and other commercial symbols including the marks "AMERICAN FAMILY CARE", and "AFC and Design" in the operation and management of Centers (the **"Marks"**) The Marks have gained and will continue to gain public acceptance and goodwill We may create, use, and license other trademarks, service marks, and commercial symbols for Franchised Businesses and Centers If we do, these other marks and symbols will become part of the "Marks "

We offer you the opportunity to enter into a franchise agreement (**"Franchise Agreement"**) with us Under the Franchise Agreement we will grant you the right and license (the **"Franchise"**) to operate a Franchised Business that will manage a Center under the System at a location identified in the Franchise Agreement (the **"Premises"**) You will construct or build-out the Center for use by the PC The Premises will be in an area identified under the Franchise Agreement (the **"Territory"**) You must operate the Franchised Business in the Territory You must use the System in operating your Franchised Business and

at all times perform your obligations under the Franchise Agreement faithfully, honestly, and diligently, and use your best efforts to promote the Franchised Business

You must locate the Center and operate the Franchised Business at an approved location The Premises will be identified through our site selection assistance and approval process, according to the terms of the Site Selection Addendum which is Exhibit B to the Franchise Agreement You will be responsible for securing a lease for the Premises and developing the Center that you will manage according to our standards and specification

The Center will be owned and operated by one or more physicians licensed to provide medical and urgent care services in the state in which the Center is located In addition to signing the Franchise Agreement with us, before you begin operating the Franchised Business, you must enter into a management agreement ("**Management Agreement**") with the PC Under the Management Agreement, you will provide the PC with management and administrative services and support consistent with the System to support the PC's practice and its delivery of urgent care services and related products to patients at the Center, consistent with all applicable laws and regulations You must use our applicable standard form of Management Agreement, however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with the PC If you are not able initially to find a suitable physician or physicians to create, own and staff the PC, we have an approved vendor that can assist you at their current rate You must have a Management Agreement in effect with a PC at all times during the operation of the Franchised Business and the term of the Franchise Agreement

The PC will employ and control the general urgent care physicians and the specialty medical physicians and personnel (including, for example, nurses, X-ray technicians, nurse practitioners, and medical receptionists and, together with the general practitioners, collectively, the "**Affiliated Physicians**") and the other urgent care professionals who will provide the actual urgent care services required to be delivered at and through the Center You will not provide any actual urgent care or medical services, nor will you supervise, direct, control or suggest to the PC or its physicians or employees the manner in which the PC provides or may provide medical or urgent care services to its patients Due to various federal and state laws regarding the practice of medicine, and the ownership and operation of medical practices and health care businesses that provide medical and urgent care services, it is critical that you do not engage in practices that are, or may appear to be, the practice of medicine The Center must offer all urgent care services in accordance with the Management Agreement and the System

Except for limited situations, and provided that you are in full compliance with the Franchise Agreement, we will not operate or grant a franchise for another Franchised Business that will manage a Center at a location within the Territory during the term of the Franchise Agreement

**Management of an American Family Care Business**

You may be an individual, sole proprietor owner, or you may be an entity If you are an entity, you must appoint an Operating Principal The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for you and your entity You, or your Operating Principal, will manage and provide general oversight of the Franchised Business

**Master Developer Program**

Our Predecessors also offered franchises to "master developers" the right and obligation to (a) develop, open and operate at least one Franchised Business, (b) assist us with the sale of franchises to third parties who will own, operate and manage Franchised Businesses, and (c) perform certain initial and

ongoing support and assistance functions for, and monitor the performance of, our franchisees If you enter into a Franchise Agreement to operate a Franchised Business in an area in which there is a master developer, the master developer (instead of us) may perform these functions and services in connection with your Franchised Business We do not offer franchises for master developers in this disclosure document As of the date of this disclosure document, there were master developers operating in 12 master developer territories

**Industry-Specific Regulations**

You are responsible for operating in full compliance with all laws that apply to your Franchised Business and the Center that you manage The medical industry is heavily regulated These laws may include federal, state and local regulations relating to the practice of medicine and the operation and licensing of medical services, the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kickback laws such as the Federal Medicare Anti-Kickback Statute and similar state laws, restrictions or prohibition on fee splitting, physician self-referral restrictions (including the federal "Stark Law" and similar state laws), payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid), privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996), use of medical devices, and advertising of medical services While not all of these laws and regulations will be applicable to all Centers, depending on location, services provided and which types of government or private insurance may be accepted at a Center, it is important to be aware of the regulatory framework

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to the Center and its employees You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files You must comply with all state and local laws and regulations regarding the management of an urgent care center

You must also ensure that your relationship with the PC for which you manage the Center complies with all laws and regulations, and that the PC complies with all laws and regulations and secures and maintains in force all required licenses, permits and certificates relating to the operation of a Center Each state has medical, nursing, physician assistant, cosmetology, naturopathic, chiropractic and other boards that determine rules and regulations regarding their respective members and the scope of services that may legally be offered by their members The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as (as applicable) medical doctors, nurse practitioners, and physician's assistants in the state where the Center is located, and to hold required certifications by, or registrations in, any applicable professional association or registry

If we license you to operate a Franchised Business, we are not engaging in the practice of medicine, nursing or any other profession that requires specialized training or certification, and you must not engage in the practice of medicine, nursing, or any other profession that requires specialized training or certification The Franchise Agreement and Management Agreement will not interfere, affect or limit the independent exercise of medical judgment by the PC and its medical staff It will be your responsibility for researching all applicable laws, and we strongly advise that you consult with an attorney and/or contact local, state and federal agencies before signing a Franchise Agreement with us, or a Management Agreement with a PC, to determine your legal obligations and evaluate the possible effects on your costs and operations

In addition, you must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including government regulations relating to occupational hazards, health,

EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business

**Waiver of Management Agreement**

In certain states, it may be permissible under the existing laws that may be applicable to medical practices and/or medical centers, for one entity to both manage and operate the Center, including hiring any medical and professional personnel and providing medical or urgent care services to patients at the Center If you determine that the laws that would apply to a Center in your state would permit you to do so, you may request that we waive certain requirements of the Franchise Agreement related to separating the operation of the medical aspects of the Center from the management aspects In particular, you (i) would not enter into a management agreement with a PC, and (ii) you would not be restricted from providing any medical or urgent care services to patients or hiring and supervising medical providers Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations If we agree to a waiver, you must enter into an Amendment to Waive Management Agreement (which is Exhibit M to this disclosure document) Under this Amendment, you agree that, instead of entering into the Management Agreement with a separate PC, you will (a) operate the Center, including performing all responsibilities and obligations of the "PC" under the Management Agreement, and (b) manage the Center as required in the Franchise Agreement and by performing all the responsibilities and obligations of the "Company" under the Management Agreement

As of the date of this disclosure document, we have been advised by our health care counsel that the following states' laws may permit (or do not prohibit) a person or entity to both operate and manage an urgent care center without establishing 2 separate entities Alabama, Alaska, Arizona, District of Columbia, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, Utah, Vermont and Virginia Additionally, the laws applicable to your Center may change, and if there are any changes in medical regulations or other laws that would render your operation of the Center through a single entity (or otherwise) in violation of any medical regulations, you must immediately advise us of such change and of your proposed corrective action to comply with Medical Regulations, including (if applicable) entering into a management agreement with a PC

**Competition**

The market for urgent and accessible primary care centers is developing and very competitive The growing needs of the population have increased the demand for urgent care center services As a franchisee, the Center that you manage will compete with other urgent care centers, franchised and non-franchised, as well as hospitals and emergency rooms

## ITEM 2
## BUSINESS EXPERIENCE

**CEO** — **D Bruce Irwin, M D**

D Bruce Irwin, M D has served as CEO of AFCF since its formation in March 2013 and Founder and CEO of our Parent since June 1982

**President** — **Randy Johansen**

Randy Johansen has served as President of AFCF since its formation in March 2013 Mr Johansen has been President of our Parent since June 1992

**Executive Vice President and Chief Financial Officer** — **Joseph Hawley**

Joseph Hawley has served as Executive Vice President and Chief Financial Officer of AFCF since its formation in March 2013 and has served as Executive Vice President and Chief Financial Officer of our Parent since January 1998

**Vice President of Franchise Operations** — **Scott Hoots**

Scott Hoots has served as Vice President of Franchise Operations of AFCF since July 2013 From April 2012 to July 2013, he was Director of Operations for American Dental Partners in Orlando, Florida From June 2009 to April 2012, he was Director of Franchise Attractions at Ripley Entertainment in Orlando, Florida

**Franchise Business Consultant** — **Laura Bradbury**

Laura Bradbury has served as Franchise Business Consultant of AFCF since April 2013 From December 2012 until April 2013, she served as Franchise Business Consultant for DRX in Timonium, Maryland From March 2008 to December 2012, she was Franchise Success Manager for Any Test Franchising, Inc , Atlanta, Georgia

**Franchise Business Consultant** — **Sean Hart**

Sean Hart has served as Franchise Business Consultant of AFCF since March 2016 From April 2014 until December 2015, he was Partner of Rezek & Hart Consulting in Hoover, Alabama From March 2012 to May 2014, he was Campus President of ITT Technical Institute, Bessemer, Alabama, and from March 2010 to March 2012, he was District Manager of Learning Care Group, Hoover, Alabama

**Franchise Business Consultant** — **Pearl M King**

Pearl King has served as Franchise Business Consultant of AFCF since January 2017 From April 2015 to August 2016, Ms King was Director of Strategy and Business Development of Premier Point Home Healthcare/Pharma-Script Specialty Pharmacy in Chicago, Illinois From April 2014 to February 2015, she was Director of Business Development of Essia Health, Inc , Woodland Hills, California, and from June 2001 to April 2014, she was Regional Business Manager of Accretive Health, Inc , Chicago, Illinois

**Franchise Business Consultant** — **Woods McKibbens**

Woods McKibbens has served as Franchise Business Consultant of AFCF since May 2013 From October 2012 to May 2013, he was Clinic Manager at our Parent's Alabaster, Alabama clinic He was on the DocuTAP Implementation Team at Parent's Hoover, Alabama clinic from June 2012 to September 2012 He was Clinic Manager at Parent's Birmingham, Alabama clinic from April 2011 to June 2012 and was Manager Trainee at Parent's Birmingham, Alabama clinic from January 2011 until April 2011 From March 2007 to December 2012, Mr McKibbens Owned a Biltmore Coffee and Creamery in Asheville, North Carolina

**Assistant Controller** — **Christopher B Rice**

Chris Rice has served as Assistant Controller of AFCF since July 2013 From May 2006 until July 2013 he was Accountant for Resources Global in Birmingham, Alabama

**Director of Franchise Development** — **Russell Smith**

Russell Smith has served as Director of Franchise Development of AFCF since August 2013 From December 2005 to August 2013, he was Director of Franchise Development with FranPros in Londonderry, New Hampshire

**Franchise Services Coordinator** — **Jamie Gentile**

Jamie Gentile has served as Franchise Services Coordinator of AFCF since January 2017 From August 2014 until December 2016, she worked her way up from Franchise Operations Intern, to Operations Analyst & Talent Acquisition, to Data Analyst for Taziki's Mediterranean Café, Birmingham, Alabama From September 2013 to April 2014, she was Sales & Marketing Coordinator for Once Upon a Time, LLC, Birmingham, Alabama From June 2012 to October 2012, she was a sales associate for Victoria's Secret, Birmingham, Alabama and from January 2012 until May 2013, she was a Faculty Assistant at Samford University, Brock School of Business in Birmingham, Alabama

**Chief Marketing Officer** — **William Louis Koleszar**

William Koleszar has served as Chief Marketing Officer of AFCF since March 2015 From September 2010 to March 2015, he was Senior Vice President of Marketing for BBVA Compass in Birmingham, Alabama

**Director of National Sales and Marketing** — **Paige Robinson**

Paige Gilliland has served as Director of National Sales and Marketing of AFCF since August 2015 From June 2010 to August 2015, she was Director of Sale and Marketing for CKJ Eateries, LLC in Birmingham, Alabama

**Manager, Franchise Systems Training** — **Nichole Ziello**

Nichole Ziello has served as Manager of Franchise Systems Training of AFCF since May 2015 She was Manager of Recruiting Operations for Parent from December 2012 to May 2015 From June 2012 to December 2012, she was Business Development Manager for IT Rockstars in Birmingham, Alabama and from May 2010 to June 2012, she was Project Coordinator for NCP Solutions in Birmingham, Alabama

**The following persons are employees of Parent, or our affiliate AHR, who will be providing services to or interacting with our franchisees**

**Chief Information Officer** — **Anthony Williams**

Anthony Williams has served as Chief Information Officer of our Parent since March 2012 From January 2010 to March 2012, he was CEO of Everthingministry com, Birmingham, Alabama

**Vice President of Materials Management** — **Christopher J Sherrod, Sr**

Chris Sherrod, Sr , has served as Vice President of Materials Management of our Parent since January 2011

**Vice President of Support Services** — **Cindy Humphries**

Cindy Humphries has served as Vice President of Support Services of Parent since February 2015, and was Director of Clinic Development of Parent since December 2010

**Director of Construction Management** — **Jason Badryka**

Jason Badryka has served as Director of Construction Management of Parent since July 2013 From August 2003 to July 2013, he was the Senior Project Manager for Hoar Construction in Birmingham, Alabama

**Director of Credentialing** — **Christian S Franklin**

Christian Franklin has served as Director of Credentialing of Parent since October 2015 From February 2015 to October 2015, she worked as Medical Staff Coordinator at Princeton Baptist Medical Center in Birmingham, Alabama From October 2014 to February 2015, she was Credentialing Manager at Florida

Hospital-Deland in Deland, Florida From October 2012 to August 2014, she was Medical Staff Coordinator for Princeton Baptist Medical Center in Birmingham, Alabama and was Medical Staff Coordinator for Children's of Alabama in Birmingham, Alabama from June 2011 to October 2012

## ITEM 3
## LITIGATION

Except for the 6 actions described below, there is no litigation that must be disclosed in this Item

Pending Actions

United States of America ex rel , Anita C Salters, Plaintiffs vs American Family, Inc , Defendant, United States District Court, Northern District of Alabama, Northeastern Division, Civil Action No 5 10-CV-2843-IPJ On October 20, 2010, Relator Anita C Salters filed a *qui tam* action against Defendant to recover statutory damages and civil penalties under the False Claims Act, Stark I and II, and the Anti-Kickback Statute as well as retaliatory discharge The complaint was filed IN CAMERA SEALED, pursuant to 31 U S C §3730(b) and was not served on the Defendant In January of 2014, the United States intervened in Civil Action with respect to one of the claims and contended that the Defendant mis-billed Medicare for certain outpatient office services and therefore received greater reimbursement than that to which it was entitled ("Covered Conduct") AFC denied that it mis-billed Medicare for any services, violated any statute or discharged anyone improperly

In March 2014, the United States, through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Resources (collectively the United States) and Defendant entered into a Settlement Agreement In the Settlement, AFC did not admit to any wrongdoing but agreed to pay the United States $1,200,000 to end the litigation with the United States The Agreement also provided for mutual dismissal of certain rights and preservation of other rights The Settlement Agreement was filed in Court on March 14, 2014 and can be inspected fully

The money has been paid by AFC and the United States has dismissed the claims involving the Covered Conduct Otherwise, the remainder of the Civil Action will remain pending The Defendant, when served, intends to vigorously defend the remaining claims On March 17, 2014, the Court entered an Order lifting the seal with respect to the Relator's complaint and the United States motions Defendant was prevented from disclosing the existence of this litigation prior to the March 17, 2014 Order partially unsealing the Complaint

AFC has vigorously defended this False Claims case Several of the claims have been dismissed by the Plaintiff and others are under summary judgment review Management expects a trial on the remaining claims in July 2017

Laura Fabbro and Fabbro Enterprises, LLC v American Family Care, Inc This suit was brought by franchisees Laura Fabbro and Fabbro Enterprises, LLC, in the Superior Court of New Jersey, Mercer County Chancery Division, on February 7, 2017 Fabbro alleges that AFC is in breach of its franchise agreement and seeks an injunction and monetary damages Specifically, Fabbro contends that AFC's demands to rebrand her franchise from "Doctors Express" to American Family Care" is a breach of its obligations under the franchise agreement to allow her to use the Doctors Express trade name in the operation of an urgent care medical facility

AFC vehemently denies these allegations and will vigorously defend this action

Prior Actions

Surendra Pai, an individual, NEXDRX1, LLC, and Nexetra Corporation, Plaintiffs vs DRX Urgent Care, LLC, American Family Care, Rhino 7 Franchise Development Corp , et al , Defendants Superior Court of New Jersey, Law Division, Monmouth County, Docket No MON-L-001938, filed May 20, 2013 Plaintiff, Surendra Pai, is the owner of a franchisee of the "Doctors Express" urgent care franchise in Florham Park, New Jersey He purchased his franchise from DEF, not the Defendants, on February 12, 2010 He opened his urgent care clinic in May 2012 He and his companies are seeking the imposition of preliminary and injunctive relief, as well as, monetary damages for losses they claim to have sustained in connection with alleged breaches by the Defendants or other parties involved in the System before the Defendants, violation of New Jersey statutory law and various other tortious acts committed by the Defendants or other parties involved in the System before the Defendants

The complaint includes the following claims Count I - Violation of New Jersey Franchise Practices Act - Constructive Termination (Declaratory and Injunctive Relief and Damages), Count II-Breach of Contract – Rescission, Count III – Breach of Implied Covenant of Good Faith and Fair Dealing, Count IV – Declaratory and Injunctive Relief, Restrictive Covenant Unenforceable, Count V – Demand for Accounting, Count VI – Common Law Fraud, Count VII – Negligent Misrepresentation, Count VIII-Damages and Rescission for violation of Maryland Franchise Regulation and Disclosure Law The Defendants deny all of the material allegations of the Complaint and intend to defend against each and every claim of the Plaintiffs On July 16, 2013, we and DRX filed a notice of removal, to remove the case to federal court, and the case is now Case 3 13-cv-04333 in the United States District Court, New Jersey District Additionally, on July 22, 2013, we and DRX filed a motion to dismiss, or in the alternative a motion for summary judgment regarding all of the Plaintiffs complaints On March 4, 2014, the Defendants' Motion to Dismiss was granted Further, the Court ordered this matter closed This case was appealed to the Third Circuit Court of Appeals on March 28, 2014

Laura Fabbro, an individual, DRX Hamilton, LLC, Fabbro Enterprises, LLC and Fabbro Financial Management, Inc , Plaintiffs vs DRX Urgent Care, LLC and American Family Care, et al , Defendants Superior Court of New Jersey, Law Division, Monmouth County, Docket No MON-L-001543, filed April 22, 2013 Plaintiff, Laura Fabbro, is the owner of a franchisee of a "Doctors Express" urgent care franchise in New Jersey She purchased her franchise from DEF, not the Defendants, on April 9, 2009 She opened her urgent care clinic in November 2010 She and her companies are seeking the imposition of preliminary and injunctive relief, as well as, monetary damages for losses they claim to have sustained in connection with alleged breaches by the Defendants or other parties involved in the System before the Defendants, violation of New Jersey statutory law and various other tortious acts committed by the Defendants or other parties involved in the System before the Defendants

The complaint includes the following claims Count I - Violation of New Jersey Franchise Practices Act - Constructive Termination (Declaratory and Injunctive Relief and Damages), Count II-Breach of Contract – Rescission, Count III – Breach of Implied Covenant of Good Faith and Fair Dealing, Count IV – Declaratory and Injunctive Relief, Restructure Covenant Unenforceable, Count V – Demand for Accounting, Count VI – Common Law Fraud, Count VII – Negligent Misrepresentation, Count VIII-Damages and Rescission for violation of Maryland Franchise Regulation and Disclosure Law The Defendants deny all of the material allegations of the Complaint and intend to defend against each and every claim of the Plaintiffs On June 7, 2013, we and DRX filed a notice of removal, to remove the case to federal court, and the case is now Case 3 13-cv-03558 in the United States District Court, New Jersey District Additionally, on June 25, 2013, we and DRX filed a motion to dismiss, or in the alternative a motion for summary judgment regarding all of the Plaintiffs complaints, and on August 5, 2013, the Plaintiffs filed opposing motions On March 4, 2014, the Defendants' Motion to Dismiss was granted Further, the Court ordered this matter closed This case was appealed to the Third Circuit Court of Appeals

on March 28, 2014

The Pai and Fabbro cases were consolidated on Appeal On April 1, 2015, the Third Circuit Court of Appeals affirmed the District Court's dismissal of Plaintiffs' Complaints The Plaintiffs did not timely appeal the decisions of the Third Circuit Court of Appeals

Hanley Limited Partnership, LLC, Marsha Hanley and Raymond Hanley vs Doctors Express Franchising, LLC, Peter Ross, Anthony Bonacuse, Scott Burger and Rhino 7 Consulting Company – U S District Court, Northern District of Maryland, Case No 1 12-cv-00795-ELH The plaintiffs are the former DEF franchisee and its owners, who had operated and closed a franchised Doctors Express location in Missouri This action was filed on March 13, 2012, against DEF-Florida (as successor to DEF-Maryland), 3 of DEF's officers, Peter Ross, Anthony Bonacuse, and Scott Burger, and Rhino 7 Consulting Company ("Rhino 7") The complaint includes the following claims Count I - claims of violation of the Maryland Franchise Registration and Disclosure Law, Count II – claims of fraud and deceit, and Count III - claims of constructive fraud in connection with the offer of a franchise to the plaintiffs The plaintiffs request rescission and damages $1 3 million or more On February 25, 2013, the court issued a ruling on certain motions to dismiss submitted by the defendants As part of that ruling, the court as to Count I, it granted the request to dismiss a portion of the count, but rejected it to the remainder of Count I, as Count II, it dismissed without prejudice the claims against Rhino 7, but it did not dismiss the claims against DEF, and as to Count III, the court dismissed without prejudice the claims against both DEF and Rhino 7 On July 30, 2013, the case was dismissed without prejudice, and as of August 16, 2013, the parties settled the dispute Under the settlement terms, plaintiffs received $525,000 to resolve all claims among the parties, without any party admitting liability This matter is related to a previous lawsuit filed by the plaintiffs against DEF-Maryland and Rhino 7 in the Superior Court of California, County of Sacramento (Case No 2011-00105724) on September 20, 2011 The claims in that case were similar to those in this case, but the entire action was dismissed on or about February 2, 2012 based on inconvenient forum (Forum Nonconviens)

Litigation against Franchisees concluded in 2016

During 2016, we initiated 1 lawsuit against a franchisee as follows
Suit for breach of contract
AFC Franchising, LLC v Earl Reid and Urgent Care of Mt Vernon, LLC, Case No 2, 16-CV-1770-SGC (Northern District of Alabama) filed 10/28/2016

## ITEM 4
## BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

## ITEM 5
## INITIAL FEES

**Standard Initial Franchise Fee**

You must pay us an initial franchise fee of $55,000, and is payable in a lump sum when you sign the Franchise Agreement The initial franchise fee is uniform to all new franchisees, is fully earned by us, and is non-refundable

**Conversion Initial Franchise Fee**

If you will become a Conversion Franchisee, you must pay us an initial franchise fee of $41,250 The initial franchise fee is due when you sign the Franchise Agreement The initial franchisee is uniform to all new conversion franchisees, is fully earned by us and is non-refundable

**Area Development Fee**

If you sign an Area Development Agreement ("ADA"), you must pay us an initial development fee of $55,000 for the first franchise and a non-refundable deposit of $10,000 for each additional franchise to be developed under the ADA The initial franchise fee for subsequent franchises under the ADA is $40,000 The remaining fee of $30,000 is paid to us when each Franchise Agreement is signed The ADA fee is calculated on a uniform basis for all new Developers and is non-refundable

* * *

All new franchisees must purchase from our affiliate, AFCP, the initial medical supplies and equipment for the Center it will be managing We estimate the total cost of these purchases to be approximately $110,000 - $140,000 depending upon your location and economic factors

You pay us or our affiliates no other fees or payments for goods or services before your Franchised Business opens

## ITEM 6
## OTHER FEES

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Continuing Service and Royalty | 6% of Net Payments (Note 2) for the preceding week (Note 3) | On the Wednesday immediately following the previous week | The Royalty is payable to us by an automatic, electronic debit of funds |
| Marketing Fund (see Note 4) | 1% of Net Payments (Note 4) | On the Wednesday immediately following the previous week | Marketing Fund may make materials available for purchase |
| Local Advertising Requirement | $1,000 per month minimum, beginning 3 months after your Grand Opening | Monthly | You are required to spend this fee in your local market We will conduct audits of your advertising expenditures, averaging them over a 6-month period If we find you have not spent $1,000 per month average, we reserve the right to have you pay this amount directly to the Marketing Fund in addition to the required 1% of your Net Payments |

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| On-Going Training | Reasonable registration or similar fees<br>Re-training fee or new Center Administrator training fee $1,500 each, plus travel, lodging, and meals | As incurred | If we initiate new programs or if the Center is not performing as well as other Centers, we may require you (or your Operating Principal), your Center Administrator, your Marketing Representative and/or other previously trained and experienced managers to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify We may charge a fee for any replacement or substitute Center Administrator, or persons who must attend re-training (see Item 11 under "Training") In 2016, the convention or annual conference fee was $450 ($350 for early registrations) We do not charge a fee for regional conferences but you must pay your own out-of-pocket expenses |
| Renewal | None | | Not Applicable |
| Transfer | 50% of our then-current initial franchise fee | At time of transfer | The transfer fee will be waived if the transferee (a) is an entity controlled by you, (b) has been our franchisee for at least 5 years, (c) has held a managerial position at a Franchised Business, or (d) has obtained the Franchised Business as a result of your death or disability |
| Offering | $7,500 | When you notify us of the potential offering | Payable to us for reviewing a proposed offering of equity interests in your company |
| Interest on Overdue Amounts | 1 5% per month or the highest commercial contract interest rate permitted by law (Note 5) | Upon demand | We may debit your bank account automatically for late fees and interest This should not be interpreted as our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business |
| Audit Costs | Costs of the examination | Upon demand | Payable only if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish them on a timely basis or if our examination reveals an understatement |

| Type of Fee (Note 1) | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | of Net Payments exceeding 5% of the amount that you actually reported to us for the period examined |
| Indemnification | Varies | Upon demand | You will indemnify us against any costs arising out of the Franchised Business's operation, the business you conduct under the Franchise Agreement, or your breach of the Franchise Agreement |
| Costs and Attorneys' Fees | Varies | Upon demand | Reimbursement to us for all of the costs and expenses that we incur due to your failure to pay amounts owed to us, to submit any reports, information, or supporting records, or otherwise to comply with the Franchise Agreement |
| Insurance Costs | Varies | Upon demand | If you fail or refuse to obtain and maintain the insurance we specify, we may obtain the insurance for you and the Franchised Business on your behalf, you must reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance |

Notes

1 All fees are imposed by and are payable to us, except as specified for the fees payable to our affiliates and your local advertising expenditures All fees are uniformly imposed and are non-refundable However, in certain cases and circumstances when appropriate, our Predecessors may have waived some or all of these fees for a particular franchisee and we may take similar actions in the future

2 "Net Payments" means all revenue that you actually collect and receive from operating the Franchised Business, including all revenue received from the PC and/or pursuant to the Management Agreement, all services and products sold by you or the Franchised Business, all amounts that you receive at the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority In the event that the PC fails to pay you any revenues that it is obligated to pay you under the Management Agreement, the amounts that it fails to pay you shall nonetheless be included in the calculation of Net Payments

You will authorize us to debit your business checking account automatically for the Royalty and the Marketing Fund contributions (the "**Electronic Depository Transfer Account**" or "**EDTA**") We will debit the EDTA on the specified dates that payments are due

3 The Royalty will be calculated on a weekly basis, according to the weekly accounting and reporting periods established by us

4 The current Marketing Fund contribution is 1 0% Through the Marketing Fund, we may make available certain marketing materials that you may purchase for your use in local advertising and promotion The prices of the materials will vary as the prices will be established to cover the Marketing Fund's costs in preparing the materials

5 In California, the highest commercial interest rate permitted by law is 10% per annum

**Area Development Agreement**

If you sign an Area Development Agreement, you should review both the above table of fees applicable to Franchise Agreements, as well as the following table of fees

| Type of Fee | Amount | Due Date | Remarks (Note 1) |
|---|---|---|---|
| Initial ADA Fee | $55,000 for first Center and $10,000 for each additional Center | On signing the ADA | The initial franchise fee for each subsequent franchise opened under the Area Development Agreement is $40,000, $10,000 of your development fee will be applied to each franchise developed |
| Indemnification | Will vary under circumstances | As incurred | You must reimburse us if we are held liable for claims arising out of your franchise operations |

Note 1 All fees are payable to us and are non-refundable

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

**A New Development (non-conversion)***

| Type of Expenditure | Amount | Method Of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $55,000 | Lump sum | At signing of your Franchise Agreement | Us |
| Travel and Living Expenses While Training (2) | $1,500 - $3,000 | As incurred per participant | During training | Airlines, hotels and restaurants |
| Lease, Utility and Security Deposits (3) | $4,000 - $8,000 | As incurred | When you sign your lease, or start up an account with utility company | Landlord, Utilities |
| Medical Equipment (4) | $100,000 - $150,000 | As incurred | As incurred | AFCP (4) Third parties |
| Construction (5) | $337,500 - $437,500 | As incurred | When ordered | Suppliers |
| Site Selection (6) | $5,000 - $10,000 | As incurred | As incurred | Third parties |
| Furniture & Fixtures (7) | $50,000 - $65,000 | As incurred | When ordered | Suppliers |
| Office Equipment & Computer System (8) | $12,000 - $17,000 | As incurred | When ordered | Suppliers |
| Initial Medical Supplies (9) | $10,000 - $15,000 | As incurred | When ordered | AFCP (9) Suppliers |
| Initial Advertising and Grand Opening (10) | $20,000 - $35,000 | As incurred | As incurred | Third parties |
| Business License & Permits (11) | $500 - $2,500 | As incurred | As incurred | Third parties |
| Signage (12) | $8,000 - $30,000 | As incurred | As incurred | Suppliers |
| Legal/ Professional Fees (13) | $5,000 - $10,000 | As incurred | As incurred | Attorney / Accountant |
| Insurance – GL and Malpractice (14) | $5,000 - $7,000 | As incurred | Before opening | Insurance agent or carrier |
| Recruitment (15) | $3,000 - $20,000 | As incurred | As incurred | Third parties |
| Credentialing (16) | $4,500 - $7,000 | As incurred | As incurred | Suppliers |
| Additional Funds (3 months) (17) | $200,000 - $400,000 | As incurred | As incurred | Employees, suppliers, utilities |
| Total (18) | $821,000 - $1,272,000 (19) | | | |

Notes to Table (including development of a new Center)

*The first table in this Item 7 represents the initial investment for a single Franchised Business in which the franchisee develops a new Center Please review the table with the following notes

(1) Initial Franchise Fee The initial franchise fee is $55,000 and is paid when you sign the Franchise Agreement for the development of one new Franchised Business We do not finance any fee

(2) Travel/Training You will pay all travel and living expenses which you (or your Operating Principal) and all of your employees incur, and your employees' wages and workers' compensation insurance while training These costs will depend on the distance you must travel and the type of accommodations you choose The initial training program is held at our offices in Birmingham, Alabama or at a training facility we designate The low estimate assumes that you live within driving distance of our headquarters or the designated training facility, the high estimate assumes that you will incur costs for lodging, food, and travel for 3 days training

(3) Lease, Utility and Security Deposits We expect that you will need approximately 2,700 to 3,500 square feet for the location Rent varies considerably from market to market, and from location to location Rents may vary beyond the range that we have provided based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the leasehold, the terms of the lease, the location within a site (such as an end-cap), and the desirability of the location If you cannot negotiate a rent abatement for the pre-opening period, your costs will be higher You should investigate the typical leasing costs for your target market area If you decide to buy the property where you will operate your Franchised Business, your costs will be substantially higher and cannot be estimated

(4) Medical Equipment You will need to purchase or lease medical equipment such as X-ray machines, exam tables, etc for the Center you will manage The amounts listed are to purchase this equipment You must purchase the initial medical equipment for a new Center that you manage from our affiliate, AFCP You may decide to lease the equipment rather than purchasing it with an upfront payment A variety of factors such as the condition of the national and regional economy, availability of credit, number of suppliers leasing equipment in your area, interest rates being offered, duration of leases offered, security requirements, and your credit history may affect the availability of leased equipment, the monthly and overall costs of the leases and other terms may be relevant to your decision as to whether to purchase or lease the equipment

(5) Construction You must develop the Center in compliance with our standards and specifications for architectural design, layout, furnishings, fixtures, equipment, and decor as outlined in the Manual You will need to negotiate with your landlord the build out of the location to meet the system design standards and specifications for the Center and your Franchised Business The build out and related costs may vary based on a number of factors, including the size and condition of the Premises, but will typically include a "vanilla box" layout with our specifications, including all walls, fixtures, flooring, HVAC and utilities, plumbing for bathrooms and exam rooms, certain equipment and an office area Our estimates are for a facility with approximately six to eight exam rooms and 2,700 to 3,500 square feet, reflecting the conditions described above, and includes the use of a general contractor This is based on the experience of our Predecessors and management team Your experience may vary

(6) Site Selection You will work with a real estate site selection vendor to assist you in selecting your site The Agent, using demographic and real estate analysis and site criteria that we furnish, will provide you with several options for your site

(7) Furniture and Fixtures You will need to purchase furniture and fixtures for the Premises at your location, meeting our standards and specifications

(8) Office Equipment (including Computer System) You will need to purchase office equipment for the operation of your Franchised Business The amounts listed are an estimate of the cost for office equipment and computer systems for the Center The estimate also includes a fee of $6,960 for implementation, training, hardware configuration and server configuration for the electronic medical/patient record ("**EMR**") services program that you must obtain from DocuTAP, the vendor that we have designated for these services

(9) Initial Medical Supplies These estimates reflect the costs of various medical supplies you will need to supply to the Center for its initial phase of operation You must purchase the initial medical supplies for a new Center you manage from our affiliate, AFCP

(10) Initial Advertising / Grand Opening You must implement our Grand Opening program prior to and in connection with the opening of the Center you manage This program consists of advertising, direct mail, promotional items, and media management You must spend a minimum of $20,000 on your Grand Opening The amount shown is the budget we have designed in order to implement this program The higher range of this estimated cost is to include a media program with the public relations firm that we have approved for use to optimize the Grand Opening process While this $10,000 to $15,000 expenditure for media program is optional, we highly recommend that you retain these third-party services to support your Grand Opening If you do so, the monies will be paid to the third-parties who provide the media program services

(11) Business Licenses You will be required to obtain a business license or permit before you can open the Franchised Business You will be responsible for ensuring that the PC has, and certifies to you that it has received, all required state and local government certifications, permits and licenses necessary for the operation of a Center, including any required licenses and certifications for its personnel The estimates in the chart do not include the costs of the PC to obtain its necessary licenses and certifications

(12) Signage The amounts listed are for the purchase of the necessary signage for the Center as outlined in the Building Signage Standard Specifications

(13) Legal/Professional Fees We believe that it is important for you to consult with your own accountant, attorney, risk management and/or business advisor before making any decision to enter into a Franchise Agreement with us You should also use an attorney or other business advisor to review any lease or other agreements that you enter into in connection with your Franchised Business We also recommend that you seek the assistance of professional advisors before signing a Franchise Agreement with us to evaluate any applicable legal obligations regarding the establishment, operation and/or management of a business providing urgent care and related medical services, and their possible effects on your costs

(14) Insurance – GL and Malpractice This is an estimate of your initial insurance premiums for required property, malpractice, and professional liability insurance for the PC Your premiums will be paid quarterly or semi-annually depending on the insurance provider Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier and other factors We have an approved vendor who can help you secure this insurance in any state in the US We have set minimum insurance requirements for all of our Franchised Businesses

(15) Recruitment This is an estimate for recruitment of the physicians and healthcare staff for the Center you will manage The high end of the costs shown includes an estimate for those franchisees that need or choose to retain a recruiter to find their lead physician

(16) Credentialing You will be required to use the vendor(s) that we designate or approve for credentialing services The permitting requirements in certain states (at this time, we are aware of Arizona and Florida) do not permit credentialing to occur before opening, and require that the Center begin operations before the credentialing process may begin This type of restriction may substantially affect a business, including causing delays in the credentialing and contracting process, which may negatively affect the Center's ability to obtain reimbursements (or lead to a lower reimbursement rate), negotiate contracts and generate revenues until the credentialing is completed following the Center's opening We recommend that you seek the assistance of professional advisors before signing a Franchise Agreement with us to evaluate credentialing requirements, as well as other applicable legal obligations regarding the establishment, operation and/or management of a Center

(17) Additional Funds This is an estimate only for the additional operating capital needed to cover expenses in operating your Franchised Business during the first 3 months after you open We cannot guarantee that you will not have additional expenses starting the Franchised Business The estimate includes items such medical billing services (i e , billing and collecting payments for services provided at the Center, EMR services, initial payroll including one person for marketing activities and the costs that the PC will incur for payroll for medical personnel adequate to meet the Center's anticipated initial volume of business – provided that staffing levels may need to be adjusted depending on the actual volume of business) and payroll taxes (including payroll to cover the pre-opening training period for some of your Franchised Business staff), continuing service and royalty fees, Marketing Fund contributions, professional fees, additional advertising, rent, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items

The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, whether your Franchised Business is located in a new market or a mature market, your experience and business acumen, competition, and other factors

(18) We do not offer direct or indirect financing to franchisee for any items

(19) Total In compiling these estimates, we have relied on the experience and data collected from us and our Predecessors, the experience of our current leadership team, and the experience of the System franchisees during 2016 Your costs will depend on a number of factors including local economic and market conditions The estimates above reflect a franchisee purchasing the medical equipment (rather than leasing it) and paying upfront the build-out costs (rather than financing these costs through the premises lease or otherwise) If you decide to, and are able to make arrangements to lease the medical equipment and/or finance the build-out of the Center that you will manage, then the costs that you must pay through your first 3 months may be lower

Unless otherwise noted above, none of the above fees are refundable to you

**B Conversion Franchise****

| Type of Expenditure | Amount | Method Of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $41,250 | Lump sum | At signing of your Franchise Agreement | Us |
| Travel and Living Expenses While Training (2) | $1,500 - $3,000 | As incurred per participant | During training | Airlines, hotels and restaurants |
| Medical Equipment (3) | $0 - $150,000 | As incurred | As incurred | AFCP (3) or Third parties |
| Total Construction (4)<br>Detail Breakdown<br>Construction Mgmt<br>Build Out | $25,000 - $75,000<br><br>$5,000 - $10,000<br>$20,000 - $65,000 | As incurred | When ordered | Suppliers |
| Furniture & Fixtures and Equipment (Computer System) (5) | $7,000 – $65,000 | As incurred | When ordered | Suppliers |
| Initial Medical Supplies (6) | $0 - $15,000 | As incurred | When ordered | AFCP (6) or Suppliers |
| Initial Advertising and Grand Opening (7) | $20,000 - 35,000 | As incurred | As incurred | Third parties |
| Signage (8) | $5,000 - $30,000 | As incurred | As incurred | Suppliers |
| Legal/ Professional Fees (9) | $1,000 - $2,500 | As incurred | As incurred | Attorney / Accountant |
| Additional Funds (3 months) (10) | $25,000 - $50,000 | As incurred | As incurred | Employees, suppliers, utilities |
| Total (11) | $125,750 - $466,750 (12) | | | |

Notes to Table for Conversion Franchise

**The second table in this Item 7 represents the initial investment for a single Franchised Business in which you convert an existing urgent care center into a Center that you will manage We anticipate that the initial investment costs for a Conversion Franchisee will differ significantly from those of start-up franchisees, either because a Conversion Franchisee will not incur certain new costs or some costs may be significantly lower The table estimates the new and incremental costs that a Conversion Franchisee would incur by converting to a Franchised Business and converting the existing center to a Center Please review the table with the following notes

(1) Initial Franchise Fee The initial franchise fee is $41,250 if you are a Conversion Franchisee and is paid when you sign the Franchise Agreement We do not finance any fee

(2) Travel/Training You will pay for all travel and living expenses which you (or your Operating Principal) and all of your employees incur, and your employees' wages and workers' compensation

insurance while training The costs will depend on the distance you must travel and the type of accommodations you choose The initial training program is held at our office in Birmingham, Alabama or at a training facility we designate The low estimate assumes that you live within driving distance of our headquarters or the designated training facility, the high estimate assumes that you will incur costs for lodging, food and travel for 3 days training Depending on a variety of factors, including your current operating schedule and staffing, you may need to close your existing center for a limited period of time to attend the training program

(3) Medical Equipment This conversion estimate is based on an existing urgent care center that is already equipped with an x-ray machine and all other standard equipment This range represents the need for the existing center to add on occupational health equipment, lab equipment if they do not already have it, or need to make changes to it You must purchase any initial medical equipment that you need for the Center you manage from our affiliate, AFCP

(4) Build Out Since this is a conversion of an existing urgent care center, our standard build-out process may not be required, however, Conversion Franchisees may need to make some changes in their Center This estimate is for changes to the waiting area and registration to conform to a standard Center There might be a need for paint and/or flooring and these costs are included in this range These figures assume that the existing urgent care center has exam rooms and x-ray equipment sufficient to comply with our standards and specifications for Centers

(5) Furniture, Fixtures and Equipment (including Computer System) You may need to purchase furniture and fixtures for the Premises The amounts listed are an estimate of the cost to furnish and provide computer systems for the Center you manage in addition to your existing furniture and equipment The estimate also includes a fee of $6,960 for implementation, training, hardware configuration and server configuration for the electronic medical/patient record ("**EMR**") services program that you must obtain from DocuTAP, the vendor that we have designated for these services

(6) Initial Medical Supplies The estimates for this line item reflect the costs of various medical supplies you will need to supply the Center you manage for its initial phase of operation This range is for the purchase of supplies to support the lab and occupational health programs if they do not exist at the time of conversion You must purchase any initial medical supplies that you need for the Center you manage from our affiliate, AFCP

(7) Initial Advertising / Grand Opening You will need to implement our Grand Opening program in connection with the opening of the Center you manage This program consists of advertising, direct mail, promotional items, and media management You will need to spend a minimum of $20,000 on your Grand Opening The amount shown is the budget we have designed in order to implement this program The higher range of this estimated cost is to include a media program with the public relations firm that we have approved for use to optimize the Grand Opening process While this $10,000 - $15,000 fee for a media program is optional, we highly recommend that you retain these third-party services to support your Grand Opening If you do so, the monies will be paid to the third-parties who provide the media program services

(8) Signage The amounts listed are for the purchase of the necessary signage for the Center as outlined in the Building Signage Standard Specifications

(9) Legal/Professional Fees We believe that it is important for you to consult with your own accountant, attorney, risk management and/or business advisor before making any decision to enter into a Franchise Agreement with us You should also use an attorney or other business advisor to review any lease or other agreements that you enter into in connection with your Franchised Business We

also recommend that you seek the assistance of professional advisors before signing a Franchise Agreement with us to evaluate any applicable legal obligations regarding the establishment, operation and/or management of a business providing urgent care and related medical services, and their possible effects on your costs

(10) Additional Funds This is an estimate only for the new and additional operating capital needed to operate your Franchised Business during the first 3 months after you open ("new and additional" refers to cover those costs that a Conversion Franchisee will incur because of the conversion and that it would not have incurred if it had continued operating its existing urgent care business in its present form) We cannot guarantee that you will not have additional expenses starting the Franchised Business This estimate includes items such as medical billing services (i e , billing and collecting payments for services provided at the Center, EMR services), initial payroll for a Marketing Representative and related payroll taxes, continuing service and royalty fees, Marketing Fund contributions, professional fees, additional advertising, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax and license fees, depreciation/ amortization, deposits and prepaid expenses (if applicable) and other miscellaneous items As noted above, since this is a conversion of an existing urgent care center, this range reflects only the new and additional costs a Conversion Franchisee may incur and takes into consideration that there is an on-going business that has been operating, generating revenue and incurring many expenses applicable to an urgent care center

(11) We do not offer direct or indirect financing to franchisee for any items

(12) Total In compiling these estimates, we have relied on the experience and data collected from our Parent and its experience in operating their urgent care businesses, as well as our Predecessors, and the experience of the System franchisees during 2016 Your costs will depend on a number of factors including local economic and market conditions The estimates above reflect that a franchisee already possesses a facility built-out and operating as an urgent care center, already possessing medical equipment and assumes that you will only have to acquire certain additional items for the conversion and undertake limited "build-out" to modify the existing center to our standards The estimates above reflect a conversion franchisee purchasing the additional medical equipment (rather than leasing it) and paying up front the conversion build-out costs (rather than financing these costs through the premises lease or otherwise) If you decide to, and are able to make arrangements to lease the medical equipment and/or finance the build-out of the Center that you will manage, then the costs that you must pay through your first 3 months may be lower

Unless otherwise noted above, none of the above fees are refundable to you

If you sign an Area Development Agreement, you must pay us a non-refundable development fee which is described in Item 5 You will also need funds for working capital to pursue your development obligations We are unable to estimate the extent of your working capital needs, which will depend in large part on the number of franchises you develop There is no other initial investment required upon execution of an Area Development Agreement However, an initial investment will be required for each franchise that you open Our current estimate of this investment is described above In addition to the amount in above tables which are per franchise estimated initial investments, you must add an additional $10,000 non-refundable deposit per franchise to be developed under the ADA

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### General

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in accordance with System Standards and the Manual During the term of the Franchise Agreement

- the Franchised Business will provide all of the management services to the Center that we specify,
- the Center, through the PC, will provide various levels of patient care services provided by a physician or other professionally licensed persons which include minor injuries, infections, workers' compensation injuries, sports physicals, travel medicine, colds and flu, and other services and products that we specify from time to time,
- the Franchised Business will offer and sell approved services and products only in the manner we have prescribed, and you will ensure that the PC operating the Center offers and sells only those services and products that we have approved and in compliance with the Management Agreement,
- you will not offer for sale or sell at or from the Franchised Business or any other location, any services or products we have not approved,
- you will discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing, and you will be responsible for ensuring that the PC operating the Center discontinues selling and offering for sale any services or products that we disapprove Without limiting the previous requirement, you must not provide any medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval

### Approved Products and Suppliers

We, including through our Predecessors, have developed or may develop standards and specifications for types, models and brands of required operating assets (all required fixtures, furniture, equipment (including a required or recommended computer, facsimile, and point-of-sale information system), furnishings, and signs are referred to as the "**Operating Assets**"), and other products We will furnish these standards to you in the Manual or otherwise in writing Our criteria for approving suppliers, however, is fluid (but which is, generally, the ability to satisfy our quality standards and controls), and is not provided to franchisees We have the right to inspect a prospective supplier's facilities and submit proposed products for testing and evaluation You must reimburse us the reasonable costs of any such inspection and our actual costs of any test performed We reserve the right to approve specifications or suppliers of the Operating Assets that meet our reasonable standards and requirements If we do so, you must purchase only products meeting those specifications, and if we require it, only from suppliers we have approved, including ourselves or our affiliates We will notify you of approval or disapproval of suppliers, specifications, or products within 90 days of your written request for approval At this time, we do not limit the suppliers from whom you may purchase approved products or services, other than the requirement that you use the suppliers with whom we have negotiated purchase arrangements for the purchase of medical equipment and supplies (including vaccinations), billing and claim management, center prototype and construction management, malpractice insurance, online patient feedback, certain computer software,

occupational health training and certification services, credentialing services, electronic medical/patient (EMR) record services, pharmacy point-of-sale services (if a pharmacy is permitted in your state), a weight-loss program and products, and laboratory certification

We may designate a single supplier for any product, service, equipment, supply or material and may approve a supplier only as to products that we specify The designated supplier may be us, our Parent, or an affiliate of ours Currently, we are not an approved supplier Our Parent, which is owned by Dr Bruce Irwin, is an approved supplier for a number of items and services used in the operation of the Franchised Businesses At this time, the items and services for which our Parent is an approved supplier include construction oversight services, supplies and equipment (including vaccinations), laboratory consulting, credentialing, new clinic set-up, and a weight-loss program and products Our affiliate AHR, is an approved vendor of personnel recruiting and other services, and, our affiliate AFCP, is an approved supplier of medical supplies, equipment, and other products Currently, all new franchisees are required to purchase their start-up medical equipment and initial medical supplies from AFCP They can purchase other supplies, furniture, and equipment from any source Other than Parent, AHR and AFCP, we do not currently have any other affiliates that provide products or services to our franchisees

We will have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to us or our affiliates based upon your purchases of products and other goods and services These Allowances may be based on System-wide purchases of products and services You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier)

We may concentrate purchases with one or more suppliers to obtain lower prices or advantageous advertising support or services Approval of a supplier may be conditioned on requirements concerning product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier

We may negotiate purchase arrangements (including price terms) with some suppliers of approved products In doing so, we seek to promote the overall interests of our franchise system and our interests as the Franchisor As of the date of this disclosure document, our Predecessors had, and we have, negotiated discounts and purchase arrangements which include the following 1 supplier for build-out services, 4 suppliers for billing and claim management, 2 suppliers for medical equipment and supplies, 4 suppliers for vaccines, 3 suppliers for signage, 1 supplier for point-of-sale pharmacy services, 1 supplier for select computer software, 1 supplier for occupational health training and certification services, 1 supplier for PR/Marketing, 5 suppliers for branded apparel, uniforms, and promotional products, 4 suppliers for collections services, 2 suppliers for credit card processing, 3 suppliers for direct mail marketing, 3 suppliers for DOT Medical Examiner Certification, 3 suppliers for website hosting and services, 1 supplier for laundry service, 1 supplier for medical malpractice insurance, 1 supplier for online patient feedback, 2 suppliers for medical waste removal, numerous suppliers for medical staff recruitment services, and 2 suppliers for payroll and human resource services We may continue with those arrangements or we may seek to negotiate different terms or establish new arrangements We have also approved suppliers for a number of additional items and services These include insurance verification, translation services, site selection, radiology reading, office supplies and laboratory testing

We have also established additional relationships with approved suppliers for medical credentialing and electronic medical/patient record services You must use the suppliers that we have approved for these services The required vendor for electronic medical/patient record services is DocuTAP DocuTAP is also an approved supplier for medical billing services You may, but are not currently required to, use DocuTAP

for medical billing services You must purchase professional liability insurance from our designated supplier Other than as set forth above, neither we, nor any affiliate, owner, or officer of ours are approved suppliers, or own an interest in any of the suppliers that we require franchisees use

We may require that you use the suppliers with whom we have purchasing arrangements in effect In consideration for our negotiating and maintaining these arrangements, these suppliers may provide Allowances to us or our affiliates, based on the purchases of all Franchised Businesses and Centers We expect that any Allowances will be determined and paid on an annual basis as a percentage of the total purchases made by all Franchised Businesses and Centers during the year We received rebates totaling $75,000 00 from our approved construction company, in 2016 We or our Affiliate received a rebate of $3,926 28 from Taylor Communications and a $60,000 rebate from Staples in 2016 Otherwise, neither we, or our Parent, or any affiliate received any Allowances in 2016 The range or precise level of any Allowances that we receive in the future may vary based on a variety of factors, including the volume of purchases by Franchised Businesses and Centers If we receive any Allowances, we may pay all or a portion to franchisees based on their purchases, or pay all or a portion to the Marketing Fund, or may retain all or a portion as consideration for our services, negotiations, and central ordering services Our total net revenues in fiscal year ended 11/30/2016, were $6,228,781 We had no revenues from required franchise purchases Our affiliate AFCP sells medical equipment, supplies and other products to our franchisees generally at its cost, plus 10% For fiscal year ended 11/30/2016, AFCP had revenues of $4,480,351 with a gross profit of $420,941

We do not provide any material benefits to you based on your use of approved suppliers

We estimate that your purchases or leases from approved suppliers in accordance with our specifications will represent approximately 75% - 95% of your total purchases in the establishment of the Franchised Business, and 75% - 95% of your total purchases in your continuing operation of the Franchised Business

**Computer System**

You must obtain and use the computer hardware and/or operating software and/or communications capabilities we specify (the "**Computer System**") We may modify specifications for and components of the Computer System

**Contractors, Site Selection, and Center Development and Build Out**

We have one approved vendor who will, for a fee, provide certain site selection and lease negotiation assistance Currently, you are not required to use the approved vendor We permit you to use local vendors for site selection We have approved certain contractors, vendors and suppliers for the development and build-out of the Center you will manage You must hire these contractors and suppliers, who will assist you in completing the development and build-out of the Center, unless you obtain our prior approval to use alternative vendors The assistance provided by the contractors and suppliers includes working with you to obtain site plans and modifications to our basic architectural plans and specifications for the Center, and arranging for installation and delivery of the equipment, fixtures, furniture and signs meeting our specifications which you must purchase or lease

**Advertising**

We will work with you to develop an advertising and marketing plan (the **Plan**") for you, the Center you manage, and your Territory You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing

materials and media, and compliance with all promotional recommendations Your local advertising and promotion must follow our guidelines which may include, among other things, requirements for or restrictions regarding the use of the Marks and notices of our Website's domain name in the manner we designate We may specify third parties that you must use for the design and development of your local advertising However, you will be required to pay those third parties directly without any offset to your local expenditures requirements

For all proposed advertising, marketing, and promotional plans, you must submit samples of plans and materials to us for our review and prior written approval (except concerning prices that you may charge) If you do not receive written approval from us within 10 days of the date of receipt of the samples or materials by us, then the samples or materials will be deemed disapproved

**Insurance**

You must maintain in force at your sole expense comprehensive public liability coverage, general liability insurance, personal injury coverage and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business's operation, all containing the minimum liability coverage we prescribe The current requirements for insurance policies and coverage include (1) comprehensive general liability insurance with limits of at least $1 million per occurrence and $3 million aggregate, (2) workers' compensation and employer's liability insurance as well as other insurance that may be required by statute or rule of the state in which the Franchised Business is located and operated, (3) personal injury coverage with limits of at least $1 million per occurrence and $3 million aggregate, (4) property damage coverage with limits of at least $1 million per occurrence and $3 million aggregate, and (5) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least $1 million general aggregate limit Additionally, you must arrange for the PC to obtain and maintain professional liability coverage with limits of at least $1 million each incident and $3 million aggregate for itself and naming you as additional insured, and such other insurance we specify in the Management Agreement or Manual We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances These insurance policies must name us as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and payment of premiums If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain comparable insurance for you and the Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance

**Payroll and Payroll Tax Providers**

You are required by federal and state laws to comply with all employment laws, and employee payroll and employment tax requirements that apply to your business and to pay employment taxes on behalf of your employees You may also offer various employee benefits (but we do not require that you do), such as health, dental and/or vision insurance, a 401(k) plan, or other benefits We have an approved third-party payroll, tax and employee services administrator, who for a fee, will provide consistent reporting of payroll and employee information, along with providing benefits, administrative and other human resource functions, and to assist you in your payroll and payroll tax obligations Currently, you are not required to use our approved vendor You may select your own payroll service, use an accountant or, based on your accounting and tax experience, you may choose to do it yourself

* * *

We may operate and change the System in any manner that is not expressly or specifically prohibited by the Franchise Agreement Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, as we consider to be best, to vary System Standards for any franchisee or any Franchised Business based upon the peculiarities of any condition that we consider important to that franchisee's or Franchised Business's operation Periodically, we may modify System Standards, and to the extent the changes to the System Standards will apply generally to franchisees and offices operating under the System, these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs You must implement any changes in the System Standards within a time period we specify, whether they involve refurbishing or remodeling the Premises or any aspect of the Franchised Business, buying new Operating Assets, adding new services offered by the Franchised Business, or otherwise modifying the nature of your operations

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise agreement and other agreements It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document**

| | Obligation | Section in agreement | Disclosure document item |
|---|---|---|---|
| a | Site selection and acquisition/lease | Section 2 1 of the Franchise Agreement, Site Selection Addendum | 8 & 11 |
| b | Pre-opening purchases/leases | Sections 2 2 and 2 4 of the Franchise Agreement | 5, 7, 8 & 11 |
| c | Site development and other pre-opening requirements | Sections 2 2 and 2 3 of the Franchise Agreement, Site Selection Addendum, Conversion Addendum, Section III of the Area Development Agreement | 8 & 11 |
| d | Initial and ongoing training | Sections 4 1 and 4 2 of the Franchise Agreement | 11 |
| e | Opening | Sections 2 5 of Franchise Agreement, Conversion Addendum, Section III of the Area Development Agreement | 11 |
| f | Fees | Section 3, 9 2, 9 5, and 12 3 of the Franchise Agreement, Conversion Addendum, Section II of the Area Development Agreement | 5 & 6 |
| g | Compliance with standards and policies/operating manual | Sections 4 4, 5 2, and 8 of the Franchise Agreement | 8, 11 & 14 |
| h | Trademarks and proprietary information | Sections 5, 6 and 15 2 of the Franchise Agreement | 13 & 14 |

| | Obligation | Section in agreement | Disclosure document item |
|---|---|---|---|
| i | Restrictions on products/services offered | Sections 8 2 and 8 3 of the Franchise Agreement | 8 & 16 |
| j | Warranty and customer service requirements | Section 8 4 of the Franchise Agreement | 16 |
| k | Territorial development and sales quotas | Not applicable in Franchise Agreement, Section III of Area Development Agreement | None |
| l | Ongoing product/service purchases | Section 2 4 and 8 3 of the Franchise Agreement | 8 |
| m | Maintenance, appearance and remodeling requirements | Sections 8 1 and (13(8) of the Franchise Agreement, Section 3 1 of Management Agreement | 8 |
| n | Insurance | Sections 2 5, 8 4, and 8 6 of the Franchise Agreement, Section 7 of Management Agreement | 7 & 8 |
| o | Advertising | Section 9 of the Franchise Agreement, Section 3 2(b)(xii) of Management Agreement | 6, 8 & 11 |
| p | Indemnification | Section 5 5, 11 2, 16 4, and 17 3 of the Franchise Agreement, Section 9 of Management Agreement, Section IX of Area Development Agreement | 6 |
| q | Owner's participation/ management/staffing | Section 8 5 of the Franchise Agreement | 15 |
| r | Records and reports | Sections 3 2 and 10 of the Franchise Agreement, Section 3 2(b) of Management Agreement | 6 |
| s | Inspections and audits | Section 11 of the Franchise Agreement | 6 & 11 |
| t | Transfer | Section 12 of the Franchise Agreement, Section VI of Area Development Agreement | 17 |
| u | Renewal | Section 13 of the Franchise Agreement | 17 |
| v | Post-termination obligations | Section 15 of the Franchise Agreement | 17 |
| w | Non-competition covenants | Sections 7 and 15 4 of the Franchise Agreement, Section VII of Area Development Agreement | 17 |
| x | Dispute resolution | Section 17 of the Franchise Agreement, Section 23 of Management Agreement, Section XIX of Area Development Agreement | 17 |
| y | Taxes/permits | Sections 2 2, 2 5, and 16 3 of the Franchise Agreement | 1 |
| z | Other (personal guaranty) | Section 1 6(e) of the Franchise Agreement, Following signature page of Area Development Agreement | 15 |

## ITEM 10
## FINANCING

We do not offer any direct or indirect financing We do not guarantee your notes, leases, or obligations

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

**Except as listed below, we are not required to provide you with any assistance**

**Preopening Obligations**

We are required by the Franchise Agreement to provide certain assistance and service to you Before you open your Franchised Business

(1) We will assist you in your site selection by providing you with our site selection guidelines and criteria, and sources to obtain demographic information related to the Territory We will provide you with certain recommended or required specifications for your location (Franchise Agreement, Section 2 1 and Exhibit B)

(2) We will give you mandatory and suggested specifications and layouts for your location at the Premises, including recommended office size and design and required or recommended fixtures, equipment, and signs We will provide guidance to assist you in working with designated contractors and suppliers to complete the development and build out of the Center you will manage This includes working with you to obtain site plans and modifications to our basic architectural plans and specifications for the Center, obtain required zoning changes, building and sign permits, and arranging for installation and delivery of equipment, fixtures, furniture and signs meeting our specifications that you must buy or lease (Franchise Agreement, Section 2 2)

(3) We will provide you an email address for the Center and certain employees (Franchise Agreement, Section 2 4)

(4) We will provide an initial training program for you or your Operating Principal and your required attendees (Franchise Agreement, Section 4 1)

(5) We will, at our own cost, send one of our representatives to the Franchised Business for a period of 3 days to assist with pre-opening and opening of the Franchised Business This period may overlap with the opening, and may extend into the first week of operations (Franchise Agreement, Section 4 1)

(6) We will loan you during the Initial Term one copy of our Manual, which may include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Franchised Business These are our "**System Standards**" The Manual also contains information on a franchisee's other obligations under the Franchise Agreement We may modify the Manual periodically to reflect changes in System Standards and other guidance and requirements regarding the operation and management of a Franchised Business (Franchise Agreement, Section 4 4)

(7) We will work with you to develop an advertising and marketing plan for you, your Franchised Business, and your Territory (Franchise Agreement, Section 9 3)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business Also, if you are a Conversion Franchisee, we will not provide you with the assistance and services described in paragraphs 1 and 2 above

**Continuing Obligations**

We are required by the Franchise Agreement to provide certain assistance and service to you during the operation of your Franchised Business

(1) We will provide ongoing training, conferences and seminars for you or your Operating Principal and certain employees at a reasonable charge (Franchise Agreement, Section 4 2)

(2) We will advise you regarding the Franchised Business's operation based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you concerning (1) standards, specifications, and operating procedures and methods regarding the operations of the Center, (2) advertising and marketing materials and programs, (3) employee training and recruiting programs, and (4) administrative, bookkeeping, and accounting procedures (Franchise Agreement, Section 4 3)

(3) We will provide guidance in our Manual, in bulletins or other written materials and/or by electronic media (Franchise Agreement, Section 4 3)

(4) We will assign you a Business Consultant that will provide you with ongoing assistance and advice by telephone consultation and/or at our location or the Franchised Business (Franchise Agreement, Section 4 3)

(5) We will administer and account for the Marketing Fund under the Franchise Agreement (Franchise Agreement, Section 9 2)

(6) We will work with you to develop an advertising and marketing plan for you, your Franchised Business, and your Territory (Franchise Agreement, Section 9 3)

(7) We may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all of the service and support for your benefit or the benefit of Franchised Businesses and Centers, and we may pay a service or ASP hosting fee (Franchise Agreement, Section 2 4)

We will use reasonable efforts to approve or disapprove the proposed site within 30 days after your request for our approval We and our approved vendors will provide the assistance described above, but you are responsible for securing (either by leasing or purchasing the location) an approved site within 270 days of signing the Franchise Agreement Upon our approval of a site and after you secure the site we will insert its address into the Franchise Agreement as the Premises

**Time to Open**

You must complete all preparations and open the Franchised Business within the latter of (a) 90 days of securing the Premises, or (b) 365 days of signing the Franchise Agreement If you do not meet either deadline, you will be in default and we may terminate your Franchise Agreement The typical length of time between signing the Franchise Agreement and commencing business is usually 6 to 12 months Things that may affect the amount of time its take you to commence your business are lease negotiations,

securing financing, obtaining building permits, zoning and local ordinance compliance, weather conditions, shortages, delayed installations of equipment, fixtures, signs, and the time involved in securing required health care credentialing, and recruiting a physician

**Site Selection***

You must operate the Franchised Business from an approved location You must obtain our written approval of the Franchised Business's proposed location before signing any lease, sublease, or other document for the site The Site Selection Addendum will specify a geographic area (the "**Search Area**"), which will generally be a Designated Market Area ("**DMA**"), in which you search for and identify a proposed location for your Franchised Business The Search Area is established solely for the purpose of defining the area within which you may look for a possible site for the Center, and you will not receive any exclusive territorial rights for the Search Area We may permit other franchisees to look for prospective sites within an area which is the same as or overlaps with your Search Area, and we may establish, or franchise others to establish, a Franchised Business or Center operating under the System within the Search Area Once we approve a location to be the "Premises", we will determine the portion of the geographic area that will identify the "Territory" under the Franchise Agreement

We will assist you in your site selection by providing you and/or your vendor with our site selection guidelines and criteria, and sources to obtain demographic information related to the Territory Our advice and information may include a demographic analysis of the proposed Territory and possible locations, competitive urgent care centers in the potential market or area, existing Centers and their proximity to the potential Territory, and other data We will provide you with certain recommended or required specifications for your location If we have completed any research on the market area that you are considering, we will provide you with it for information and background purposes only You should verify all information provided

We have one approved vendor who will, for a fee, provide certain site selection and lease negotiation assistance Currently, we permit you to use local vendors that we approve You do not have to use our approved vendor if you prefer to search for your site yourself or use a local agent While we believe that the site selection advice and guidance you may receive from the vendor will be useful, we do not warrant or guarantee that the vendor's assistance will assure that the site you ultimately select for the Franchised Business will be successful

If we recommend or give you (or our approved vendor) information regarding the Territory, or a site for the Premises, and if we approve a site, our advice, action, or information is not a representation or warranty of any kind of the site's suitability for a Franchised Business, Center or any other purpose Our recommendation indicates only that we believe that the site meets our then current criteria Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we recommend or approve fails to meet your expectations Your acceptance of the franchise should be based on your own independent investigation of the Territory and the site

*We do not provide site selection assistance for and the Site Selection Addendum does not apply to Conversion Franchisees If you are a Conversion Franchisee, you must complete all conversion requirements and begin operating the Franchised Business within 6 months of signing the Franchise Agreement, unless we specify a longer period If you do not meet this deadline, you will be in default and we may terminate your Franchise Agreement

You may operate the Franchised Business only from the Premises The typical time from signing the Franchise Agreement and opening the Franchised Business (except for Conversion Franchisees) is approximately 180 to 365 days depending on your ability to obtain a lease, zoning and local ordinances, and other factors We anticipate that for Conversion Franchisees, the typical time from signing the Franchise Agreement and beginning to operate the Franchised Business is approximately 3 to 4 months depending on a variety of factors, including ability to complete any upgrades and changes needed to convert the existing center to a Center, obtain signage, complete training, and other factors

**Training**

We will conduct an initial training program for you, your Operating Principal, and/or your Center Administrator which will address the material aspects of operating a Franchised Business that develops and manages a Center We will provide the initial training program at our headquarters or at a designated training facility of our choice, and we typically conduct training on a quarterly basis At this time, we conduct the training program at our office in Birmingham, Alabama

We will provide the initial training, at no charge, for your initial required attendees In addition, if we have space available in a regularly scheduled training class, you may bring other of your employees to the training class at no additional charge You must pay for all travel and living expenses which you (or your Operating Principal) and all of your employees incur and for your employees' wages and workers' compensation insurance while they are training

You (or your Operating Principal) must satisfactorily complete initial training We will determine whether you (or your Operating Principal) complete initial training to our satisfaction Our current criteria for satisfactory completion of training includes attendance at all training classes, passing all interim and final tests and exams, and demonstrating the capability and willingness to comply with System Standards If you (or your Operating Principal) fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program We reserve the right to charge you for substitute personnel that attend the next training program

You must employ a Center Administrator before you open for business, unless you or your Operating Principal acts as the Center Administrator for your Franchised Business We may conduct training for your Center Administrator(s) and other personnel within 6 months of your Opening Date (some or all of which may include on-line training programs) At this time, the training that we require for Center Administrators is done at your premises or on-line, and training subjects may include office and staff scheduling, supply ordering, front desk operations, back office operations, and file maintenance and security issues In determining whether to require initial training and what training may be needed, we will consider various factors, including the background and experience of the Center Administrator, including any experience managing an office

You must also employ 1 person in a full-time and paid position devoted to marketing and promoting the Franchised Business and the Center (a "**Marketing Representative**") Your Marketing Representative must be sufficiently qualified and capable of performing the job functions and duties that we specify in our standards for the Marketing Representative You must hire your Marketing Representative no later than 30 days before beginning operations of your Franchised Business

All management personnel, including your Operating Principal and Center Administrator, and any other personnel that we designate, must meet minimum qualifications that we may specify before they can manage the Franchised Business or train other personnel If, at any time during the term of the Franchise Agreement, we learn or determine that a person is regarded as no longer complying with our System

Standards and procedures, then we may require that person to satisfactorily complete the training or re-training program We reserve the right to charge for retraining personnel

In addition, all management personnel and other personnel working at the Franchised Business must satisfactorily complete all state and local government required training and must meet all required licensing, certification and professional regulatory requirements and maintain them on an annual basis

If you request and we agree to provide additional or special guidance, assistance, or training during this opening phase, you must pay our then applicable charges, including our personnel per diem charges and travel and living expenses

The following chart outlines our initial training program

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| History/Philosophy of American Family Care | 5 | | Birmingham, AL |
| Outpatient Healthcare Industry Overview | 5 | | Birmingham, AL |
| American Family Care Franchise Business Model | 5 | | Birmingham, AL |
| Pre-Opening Procedures | 6 | | Birmingham, AL |
| Personnel | 2 | | Birmingham, AL |
| Operations | 6 | 24 | Birmingham, AL |
| Administration | 2 | | Birmingham, AL |
| Marketing | 3 | | Birmingham, AL |
| **Totals** | **20 5** | **24** | |

The instructional materials for our training program include the Manual The hours given for each subject in the table above reflect the average expected durations The actual time spent for each session may vary depending on a trainee's position, prior experience and performance during the program Our training program is conducted at our offices in Birmingham, Alabama The training program is under the supervision of Nicole Ziello, Manager, Franchise Systems Training and Woods McKibbens, as a part of his duties as Franchise Business Consultant Our team's experience includes

Nichole Ziello has served as Manager of Franchise Systems Training of Parent since May 2015 She is familiar with and has training in the operation of urgent and primary care facilities and was Manager of Recruiting Operations for our Parent Woods McKibbens has been a Franchise Business Consultant of ours since May 2013 He has worked for several of Parent's clinics as a Manager, as a Manager Trainee, and was on its' DocuTAP Implementation Team Other members of our management team, as well as

additional training staff and instructors, will provide training and assistance to you based on your qualifications in specific aspects of the System Our training program will concentrate on the Manual and is designed to cover all aspects of the Franchised Business Our instructors have generally, between 1 and 10 years of experience in this industry that is relevant to the Franchised Business

You (or your Operating Principal) and/or other previously trained and experienced Center Administrators, Marketing Representatives and employees must attend and satisfactorily complete various training courses that we provide at the times and locations that we designate, as well as conventions, regional meetings, and conferences that we specify Currently, we intend to require all franchisees (or their Operating Principal) to attend regional or annual conferences and meetings that we develop We may charge reasonable registration or similar fees for these courses In 2016, the convention fee was $450 for franchisees, or $350 if the franchisee participated in early registration You must pay all travel and lodging costs to attend To the extent we decide to offer, or require that you attend, any additional training courses or attend conventions or meetings in the future, we will develop and determine the cost, location, content, duration, and frequency of those programs at a later time

Your replacement Center Administrators (if applicable and if any) must satisfactorily complete training programs as we may then require for all center administrators within 90 days after being designated as Center Administrators You must pay all travel and living expenses which you and your employees incur during all training courses and programs

Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and/or modify

**Marketing**

The Marketing Fund

The image of the AMERICAN FAMILY CARE brand ("**Brand**"), the Marks, Franchised Businesses, and Centers held by the public in general, by patients, and by Center managers and employees, is important to the System and the Marks We have established a Marketing Fund (the "**Marketing Fund**") for the enhancement and protection of the Brand and Marks, and for the advertising, marketing, and public relations programs and materials

We will have sole discretion to use the Marketing Fund and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Brand and Marks, will improve and increase public recognition and perception of the Brand and Marks, Franchised Businesses, and Centers, and will improve and enhance the perception of Franchised Businesses, and Centers Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials, creative development of, preparing, producing, and placing video, audio, and written materials and electronic media, media placement and buying, including all associated expenses and fees, administering, and/or allocating monies of the Marketing Fund to be used in, regional and multi-regional marketing and advertising programs, market research and customer satisfaction surveys, the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events, creative development of signage and posters, employee recognition and awards events and programs, periodic national and regional conventions and meetings, Website, extranet and/or intranet development, implementation, and maintenance, retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees, and public relations and community involvement activities and programs We will direct all programs that the

Marketing Fund finances with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation

You must contribute to the Marketing Fund an amount equal to 1% of your Net Payments, payable in the same manner as the Royalty We are not required to contribute to the Marketing Fund for Franchised Businesses and/or Centers that are owned by us or our affiliates

We have the right to collect for deposit into the Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Franchised Businesses and/or Centers and with whom we have agreed that we will so deposit these allowances These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes

The Marketing Fund periodically will provide you samples of advertising, marketing, and promotional formats and materials at no cost We may sell you copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges

We will account for the Marketing Fund separately from our other funds and monies and not use the Marketing Fund for any of our general operating expenses However, we may use the Marketing Fund to pay administrative costs of the Marketing Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Marketing Fund, and we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel (including our personnel) who manage and administer the Marketing Fund We may use the Marketing Fund to pay for other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead concerning Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs We may use a portion of the Marketing Fund toward the cost to develop and maintain a Website The Website may have a section relating to our franchise opportunity, and all advertising and promotional materials may reflect the availability of "American Family Care" franchises Otherwise, we do not use Marketing Fund monies for advertising that is principally a solicitation for the sale of franchises

The Marketing Fund will not be our asset Although the Marketing Fund is not a trust, we will hold all Marketing Fund contributions for the benefit of the System, the Brand, and the contributors, and use contributions only for the purposes described in Section 9 2 of the Franchise Agreement We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses The statement will be available for your review upon written request, 90 days after our fiscal year end We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate The successor entity will have all of the rights and duties specified in Section 9 2 of the Franchise Agreement

We intend the Marketing Fund to maximize and enhance public, franchisee, and employee recognition of the American Family Care brand, Marks, Franchised Businesses and Centers Although we may use the Marketing Fund, or portions of the monies in the Marketing Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in Brand enhancement activities that will benefit all Franchised Businesses and/or Centers, we cannot and do not

ensure that Marketing Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Marketing Fund contributions by Franchised Businesses operating in that geographic area We do not guarantee or assure that any Franchised Business and/or Center will benefit directly or in proportion to its Marketing Fund contribution from the Brand enhancement activities of the Marketing Fund or the development of advertising and marketing materials or the placement of advertising and marketing

If we terminate the Marketing Fund, we will distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Marketing Fund contributions during the preceding 12-month period

In 2016, a portion, but not all of the contributions to the Marketing Fund were spent The contributions spent were for the following 12% on marketing materials, 9% on digital advertising, 7% on public relations efforts (including PR agency fees and customer satisfaction surveys and reports), 11% on a customer feedback program, 15% on salaries, 6% on creative development (including development of TV and radio ads, a new logo, ongoing graphic design support, new website redesign work, and marketing personnel costs) and 40% on rebranding marketing

Local Advertising and Promotion

We will work with you through your Franchise Business Consultant to develop an advertising and marketing plan (the **Plan**") for you, your Franchised Business, and your Territory You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations We are not required to spend any amount on advertising within any specific area, including your territory In addition to your Marketing Fund contribution obligations, you must spend $1,000 each month, beginning 3 months after your Grand Opening, to advertise and promote your Franchised Business and the Center you manage This advertising and promotion includes such items as advertising, brochures, promotional items, printing, and copying services In addition, we will average out your advertising and promotion expenditures over a 6-month period to see if you did spend at least $1,000 per month You must send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we may specify If you fail to expend the required minimum amount, then any amounts that you should have expended to reach the $1,000 per month requirement must be contributed to the Marketing Fund at such times as we specify

You must list and advertise the Center you manage in at least 1 recommended classified telephone and/or online directory distributed within the Territory (in the business classifications we prescribe) and to use an approved form of classified telephone directory advertisement If other Centers are located within the directory's distribution area, we may require you to participate in joint, collective, or market-wide advertising, marketing, or promotional campaigns or programs as part of your Plan, and to pay your share of that joint, collective, or market-wide advertising or program

Your local advertising and promotion must follow our guidelines which may include, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate You may not develop, maintain, or authorize, without our prior written approval, any Website that mentions or describes you, the Franchised Business, the Center you manage, or displays any of the Marks You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and will conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe You may use direct advertising only directed to customers located within your Territory, except as we approve or designate in connection with on-line directories and similar on-line advertising We may specify third-party vendors that you must use for the

design and development of your local advertising, however, you will be required to pay those third-party vendors directly without any offset to your required local expenditure requirements

Market Cooperatives

We have the right to establish a Market Cooperative for the geographic region in which your Franchised Business is located The purpose of the Market Cooperative is to conduct marketing campaigns for the Centers and Franchised Businesses located in that region No mandatory Market Cooperatives exist at this time, but we expect that we will establish Market Cooperatives on a regional or market basis in the future Additionally, our franchisees in Massachusetts have formed a voluntary cooperative for their marketing efforts in their region

If a Market Cooperative for your area was established before you began to operate your Franchised Business, then when you open your Franchised Business you must immediately join that Market Cooperative If a Market Cooperative for your area is established after you begin to operate your Franchised Business, then you must join the new Market Cooperative within 30 days of the Market Cooperative's beginning of operations You will not be required to be a member of more than 1 Market Cooperative The following provisions will apply to each Market Cooperative

1 Market Cooperatives will be established, organized, and governed in the form and manner that we have approved in advance Unless we specify otherwise, the activities carried on by each Market Cooperative will be decided by a majority vote of its members Any Centers or Franchised Businesses that we operate in the region or area in which a Market Cooperative has been established will have the same voting rights as those Franchised Businesses owned by franchisees Each Franchised Business will be entitled to cast one vote Any disputes arising among or between you, other members of the Market Cooperative, and/or the Market Cooperative, will be resolved according to the rules and procedures set forth in the Market Cooperative's governing documents

2 Market Cooperatives will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion

3 Market Cooperatives may not use marketing, promotional plans, or materials without our prior written approval

4 You must submit your required contribution to the Market Cooperative at the same time as payments are required for Royalties and the Marketing Fund Contribution, together with the statements and reports that may be required by us or by the Market Cooperative, with our written approval If requested by us in writing, you must submit your payments and reports for the Market Cooperative directly to us and we will distribute the money and reports to the Market Cooperative If we incur administrative expenses in support of the Market Cooperative, these expenses may be paid to us from the funds of the Market Cooperative or from a portion of the Advertising Contribution that would be allocated to the Market Cooperative We anticipate that the Marketing Cooperative will set the specific amount of the member's Market Cooperative contribution, although we may provide our recommendations and guidelines, and will have the right to approve or disapprove a particular requirement or to specify minimum contribution levels If you are required to contribute to a Market Cooperative, these contributions will be credited toward your required expenditures for local advertising and promotion

5 Although a Market Cooperative is intended to be of perpetual duration, we maintain the right to terminate any Market Cooperative A Market Cooperative will not be terminated, however, until all monies in that Market Cooperative have been expended for marketing or promotional purposes

Websites

In furtherance of our policies regarding Websites and the presence of the Brand on the Internet, we have the right to establish, maintain, and modify 1 or more Websites that identify the Brand, System, and businesses that operate under our Marks We will establish webpages on a website that identifies individual Franchised Businesses and Centers, and 1 webpage will specifically identify your Franchised Business You will have the right to promote your Franchised Business using this webpage, and to utilize and modify this webpage, provided that you comply with our Website and Internet policies, and our other System Standards Our current Websites are identified as www afcurgentcare com and www afcfranchising com We may also develop or allow Market Cooperatives to develop, with our review and approval, regional Websites to promote the Brand and Centers in those regions Our current website strategy includes utilizing our Website and various webpages for press releases, Brand marketing, promotion, and dissemination of other information related to the Franchised Businesses and Centers

**Computer Systems**

Current System The Computer System that we currently require is for use in connection with operational and management tasks of your Franchised Business It allows us to receive information concerning your Franchised Business's sales, financial performance, and provides you with consolidated sales along with periodic sales histories, and gathers information on sales by different categories, and may include data relating to the Center (subject to HIPAA and any other applicable law) We estimate the cost to purchase the Computer System to be approximately $1,000 to $2,500 for a single computer, with the appropriate software and peripherals for the Computer System, plus a fee of $6,960 for implementation, training, hardware configuration and server configuration of the EMR services program that you must obtain from DocuTAP Your costs may be more if you purchase additional computers or components Additionally, we recommend that you obtain 2 tablet computers, which we estimate will cost approximately $400 to $600, for use by the PC in establishing and maintaining electronic medical records

Except for the DocuTAP program, you are not currently required to obtain service contracts to cover upgrades and updates, enhancements, and telephone support for any of the required software and hardware components of the Computer System You must, however, upgrade your software as necessary to ensure proper functioning of your system

General Requirements You must obtain and use the computer hardware and/or operating software and/or communications capabilities we specify (the "**Computer System**") We may modify specifications for and components of the Computer System You must maintain a functioning e-mail address You must obtain high-speed communications access that we may specify Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for the Computer System You must incur the costs of obtaining the computer hardware, software, and/or communications capabilities comprising the Computer System (or additions and modifications) and the required service or support

We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all of the service and support for your benefit or the benefit of Franchised Businesses and/or Centers, and we may pay a service or ASP hosting fee We will offer a limited help desk to support you with the Computer System at no additional cost We have no obligation to reimburse you for any Computer System costs that you incur Within 60 days after you receive notice from us, you must obtain and install the Computer System components that we designate You must disclose to us any passwords or codes associated with the Computer System (Section 2 4 of the Franchise Agreement)

We do not currently have independent access, but we have the right to require that you provide us with independent access, to the information generated or stored in your Computer System During any periods that we have independent access, we may access the Computer System as we deem appropriate (including on a continual basis), and retrieve all information concerning your Franchised Business's operation, subject to your and our compliance with HIPAA (the Health Insurance Portability and Accountability Act of 1996) and other applicable law relating to confidentiality of patient records There are no contractual limitations on our right to access your Computer System for information and data (Section 10 of the Franchise Agreement)

Despite the fact that you must buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System, (2) the manner in which your Computer System interfaces with our and any third party's computer system, and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded You should be prepared to upgrade your computer hardware every 3 years due to improvements in the software, advances in technology, and memory requirements There is no contractual limitation on the frequency and cost of this obligation The cost to upgrade the hardware and maintain or upgrade the software depends on our future needs, as well as technological developments We have no formal policy or requirement for upgrading, so our "estimate" of possible upgrading and maintenance costs is approximately $1,200 per year You may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer System that might interfere with the operation of the Computer System in the manner we require (Section 2 4 of the Franchise Agreement)

**Manuals**

The table of contents of our Manual is attached as Exhibit I The Manual contains 432 pages

**Franchisee Council**

We have 1 Franchisee Council in effect, which operates under bylaws We reserve the right to modify the bylaws, or to establish other legal, administrative, and organizational framework for the Franchisee Council We also reserve the right to discontinue a Franchisee Council at any time The Franchisee Council does not exist to advise us on our advertising policies

## ITEM 12
## TERRITORY

You must operate the Franchised Business managing the Center from an approved location You must obtain our written approval of the Franchised Business's proposed location in accordance with the Site Selection Addendum The Site Selection Addendum will specify the search area, which will generally be a DMA in which you search for and identify a proposed location for your Franchised Business We may permit other franchisees to look for prospective sites within an area which is the same as or overlaps with your Search Area, and we may establish, or franchise others the right to establish, a Franchised Business or Center operating under the System within the Search Area Once we approve a location to be the "Premises", it will be identified in the Franchise Agreement and the "Territory" will be determined as described below

You must develop the Center and operate the Franchised Business managing the Center at the Premises You will operate the Franchise Business within a "**Territory** " If you desire to move or relocate your Premises, you must provide us a written request for relocation and a detailed reason for relocation

You must receive our prior written approval before you can relocate Any proposed move must be within your Territory, and relocation will be subject to the same criteria, conditions, and procedures as we have established for the initial approval of the Premises

After the Premises are approved, we will designate a Territory and describe it in the Franchise Agreement The Territory may also be drawn on a map and the map will be attached to the Franchise Agreement However, we reserve the right to define the Territory by other boundaries (e g , natural boundaries) The size and scope of the Territory will be determined according a number of factors including the population, demographics, competition, location of any existing Centers in the area, and site availability A Territory will typically consist of a geographic area that has a population of approximately 35,000 measured according to publicly available population information The exact Territory will, however, vary and will be determined on the factors specific to the location as needed to encompass a population of approximately 35,000, and will be specified in the Franchise Agreement

**Territorial Rights – Franchise Agreement**

We will grant you a Territory where you will manage the Center You will not receive an exclusive territory You may face competition from outlets that we own or from other channels of distribution or competitive brands that we control We do, however, provide you with certain protections in your Territory

Except as described below under the subheading "Rights We Reserve Under the Franchise Agreement," we will not establish or operate an additional, or grant a franchise for the operation of another, Franchised Business or a similar urgent care management business that operates under a different mark or trade name that has its principal location within the Territory during the term of the Franchise Agreement If you select a Territory where we or any affiliate already has a Franchised Business or a similar urgent care business, then any existing business may continue to operate and will not be in violation of your Territory

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional territories

**Rights We Reserve Under the Franchise Agreement**

We will not establish or license others the right to establish a Franchised Business in the Territory during the term of the Franchise Agreement so long as you are in compliance with the Franchise Agreement However, we and our affiliates retain all rights with respect to Franchised Businesses, Centers, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including

(1) the right to operate, and to grant others the right to operate, Franchised Businesses and Centers and similar urgent care or medical management businesses under different names or marks located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Premises or the Territory, and in the Manual,

(2) the right to establish and operate (and grant to others the right to establish and operate) any other business offering products and services that are not the same as or similar to the products or services offered by Franchised Businesses or Centers, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by us and any of our affiliates) and on any terms and conditions we deem appropriate,

(3) the right to acquire the assets or ownership interests of 1 or more businesses that operate, and/or have granted franchises, licenses, or similar rights to 1 or more third parties to operate businesses similar to and/or competing with Centers and Franchised Businesses related to Centers, and/or the right to be acquired by a competing urgent care business or medical management business or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory, provided, however, that if we acquire such a competing business or chain we will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory (but we may rebrand existing businesses within the Territory to use the Marks and the System) Any business operations of the same or similar business that existed or operated at the time of such acquisition or transaction will not constitute a breach of Section 1 2 of the Franchise Agreement, and

(4) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, Franchised Businesses and Centers, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory

You may provide the authorized management services to the Center at the Premises, and the Center may offer and provide only those services that we have authorized and only at the Premises You may not offer or sell, or permit the PC to offer or sell, services or products authorized under the Franchise Agreement through any other means, including without limitation, through mail order, the Internet, or through any electronic media, without our prior written approval Customers have total freedom to select where to obtain services Neither the Center you manage nor any other Center is restricted from providing services to any customer at any Center, regardless of where the customer lives Neither we nor any of our affiliates have any obligation to share the revenue from such sales with you

The continuation of your Territory does not depend on the achievement of any particular sales volume, market penetration, or other contingency If you default under the Franchise Agreement, we reserve the right to undertake certain actions in lieu of termination of the Franchise Agreement, including modifying or eliminating completely the Territory

**Area Development Agreement**

The Area Development Agreement grants you the right to develop an agreed upon number of Franchised Businesses within a geographical territory described in the Agreement (the "Development Area") The size of the Development Area will depend on the number of franchises suitable for the Development Area, as determined by us and you in light of factors such as population density and the residential and commercial character of the area The number of franchises and the dates the options are to be exercised are set forth in the Area Development Agreement (the "Development Schedule")

During the term of the Area Development Agreement and provided you are in compliance with the Agreement and all other agreements with us, we will (a) grant to you, in accordance with Section III of the Area Development Agreement, a cumulative number of franchises all of which are to be located within the Development Area, and (b) not operate nor grant the right to operate any franchise located within the Development Area Continuation of your exclusivity in the Development Area is not dependent upon your achievement of a certain sales volume, market penetration or other contingency You maintain the rights to your Development Area even though the population increases We may not alter the Development Area without your consent unless you default in your performance of the Agreement You must open and operate the cumulative number of franchises set out in the Development Schedule We have no obligation under

any circumstances to extend the Development Schedule Your failure to develop and operate franchises in accordance with the Development Schedule will be a material breach of the Area Development Agreement

We became the franchisor of the "Doctors Express" franchise system on April 15, 2013 Our Parent, American Family Care, Inc , has operated clinics providing family care and urgent care services since 1982 Parent and its subsidiaries, as of 12/31/2016, operate 66 urgent care and family practice clinics in Alabama, Florida, Georgia and Tennessee under the name "American Family Care" Our Parent does not offer franchises Our Parent's principal business address is the same as ours We do not anticipate that Parent's American Family Care Centers and American Family Care Franchised Businesses will be developed within a Franchisee's Territory There may, however, be some instances where Parent has developed and operates its clinics in the same general area as existing or future Centers

## ITEM 13
## TRADEMARKS

Under the Franchise Agreement, we grant you the right to use certain Marks You have no right to use any of our Marks under the Area Development Agreement Our affiliate, Holdings, owns the following Marks which are registered on the Principal Register with the United States Patent and Trademark Office

| Service Mark and/or Trademark | Class | Registration Number | Date |
|---|---|---|---|
| AMERICAN FAMILY CARE | 44 | 4,487,746 | February 25, 2014 |
| AFC | 44 | 4,954,739 | May 10, 2016 |
| | 44 | 4,963,999 | May 14, 2016 |
| | 44 | 4,490,730 | March 4, 2014 |
| NATIONAL FLU PREVENTION WEEK | 44 | 4,915,839 | March 8, 2016 |
| WEIGH TO LIVE | 44 | 4,976,090 | June 14, 2016 |

All required affidavits of use and an affidavit of incontestability, when due, for the above Marks and registrations have been timely filed with the U S Patent and Trademark Office ("**USPTO**")

Holdings has also filed the following applications (together, the "Additional Marks")

| Service Mark and/or Trademark | Class | Application Serial No | Date |
|---|---|---|---|
| | 44 | 87134234 | August 10, 20116 |
| | 44 | 87135678 | August, 11, 2016 |
| ONE OF THE MOST ADMIRED COMPANIES IN HEALTH CARE | 44 | 87159580 | September 2, 2016 |
| ACCESSIBLE HEALTH CARE | 44 | 87171584 | September 14, 2016 |

| | | | |
|---|---|---|---|
| ACCESSIBLE HEALTH CARE | 44 | 87171616 | September 14, 2016 |
| afc URGENT CARE FAMILY CARE | 44 | 87174038 | September 16, 2016 |
| SETTING THE STANDARD IN URGENT CARE | 44 | 87175779 | September 19, 2016 |
| Accessible Health Care | 44 | 87239406 | November 16, 2016 |
| AFC Urgent Care | 44 | 87260166 | December 7, 2016 |
| THE PRIMARY CARE COMPANY | 44 | 87310937 | January 23, 2017 |
| afc american family care The Right Care. Right Now. | 44 | 87347514 | February 23, 2017 |
| afc american family care URGENT CARE | 44 | 87347122 | February 23, 2017 |
| afc URGENT CARE american family care | 44 | 87347587 | February 23, 2017 |

We do not have a federal registration for these trademarks Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

Our right to use and license others to use the Marks is exercised under a trademark license agreement (the "TM Agreement") between us and Holdings The TM Agreement has a term ending August 6, 2063, with an automatic 50-year renewal term If we were ever to lose our rights to the Marks, Holdings will be required under the TM Agreement to allow our franchisees to maintain their rights to use the Marks in accordance with their Franchise Agreements or other license agreement

There is no agreement in effect which significantly limits our rights to use or license the Marks in any state in a manner material to the franchise, other than the TM Agreement We do not know of any infringing uses that could materially affect your use of the Marks, except as follows

"We allow our franchisees to use the phrase "THE RIGHT CARE RIGHT NOW" ("Phrase") in conjunction with our primary marks The Phrase is not registered because it is descriptive or informational of our services Righttime, Inc operates urgent care clinics in Maryland It owns a federally registration mark for "RIGHT CARE AT THE RIGHT TIME" and has sent us a Cease and Desist letter requesting that we refrain from further use of the Phrase because it is confusingly similar to their mark We disagree with their position This case was dismissed for a lack of jurisdiction and neither party has done anything else

Your right to use the Marks is derived only from the Franchise Agreement and limited to your operating the Franchised Business according to the Franchise Agreement and all System Standards we prescribe during its term

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim We may take the action we deem appropriate and control exclusively any litigation, USPTO proceeding, or other administrative proceeding resulting from any infringement, challenge, claim, or otherwise concerning any Mark You

must sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks We will reimburse you for your costs of taking any action that we have asked you to take

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or use 1 or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice We need not reimburse you for your direct expenses of changing the Franchised Business's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have notified us immediately upon your becoming aware of, and comply with our directions in responding to, the proceeding and you have used the Mark(s) in compliance with the Franchise Agreement, Manual, and other directives from us At our option, we may defend and control the defense of any proceeding resulting from your use of any Mark under the Franchise Agreement

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks

## ITEM 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

### Patents

No patents are material to the franchised business or your operation of the Franchised Business

### Copyrights

Our CEO, Dr Bruce Irwin, filed a copyright for the "American Family Care Mission Statement" with the United States Copyright Office, Registration Number TX 8-167-502 All franchisees are required to display the Mission Statement at the Centers

We claim copyright protection covering various materials used in our business and the development and management and operation of Franchised Businesses and Centers, including advertising and promotional materials, our form of franchise agreement, the Manual, and similar materials We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so We may register any of these items or copyrightable materials in the future

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials No agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials If we require, you must immediately modify or discontinue using the copyrighted materials Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification

Any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) that may be deemed reasonably necessary by us to give effect to this requirement

**Confidential Information**

We possess and will continue to develop and acquire certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), concerning operating Franchised Businesses, including developing and managing Centers, including site selection and territorial criteria, training and operations materials and manuals, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in operating Franchised Businesses, including developing and managing Centers and providing urgent care and primary care services to patients, marketing and advertising programs for Franchised Businesses and Centers, physician and employee recruitment, training, retention programs, knowledge of specifications for and suppliers of Operating Assets, and other products, any computer software or similar technology which is proprietary to us or the System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology, knowledge of the operating results and financial performance of Franchised Businesses and Centers other than the Franchised Business (subject to compliance with HIPAA and other requirements), and graphic designs and related intellectual property

You will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Franchised Business during the Franchise Agreement's term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you (1) will not use Confidential Information in any other business or capacity, (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Franchise Agreement's term and after the term for as long as the item is not generally known in the health care management and/or urgent care industries, (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form, and (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to the Franchised Business's personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information

We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights You are obligated to maintain in your files those executed confidentiality agreements we specify and make them available to us upon request

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly, which, at the time we disclosed it to you, already had lawfully become generally known in the health care management and/or urgent care industries through publication or communication by others (without violating an obligation to us), or which, after we disclose it to you, lawfully becomes generally known in the health care management and/or urgent care industries through publication or communication by others (without violating an obligation to us) However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled

**Confidential Manuals**

We will loan you during the Initial Term 1 copy of our Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials

You must at all times keep your copy of the Manual current and in a secure location at the Franchised Business If there is a dispute over its contents, our master copy of the Manual controls The Manual's contents are confidential and you will not disclose the Manual to any person other than Franchised Business's employees who need to know its contents You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual If your copy of the Manual is lost, destroyed, or significantly damaged, you must obtain a replacement copy from us We may assess you our then applicable printing or copying charge This charge is for our direct costs, and is not related to any value that we place on the Confidential Information

We may post some or all, of the Manual on a restricted Website or extranet to which you will have access ("**Website**" means an interactive electronic document contained in a network of computers linked by communications software, including the Internet and World Wide Web home pages) If we do so, you must monitor and access the Website for any updates to the Manual or System Standards Any passwords or other digital identifications necessary to access the Manual on a Website will be deemed to be part of Confidential Information

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

You or your Operating Principal must manage and provide general oversight of the Franchised Business on a full-time basis The Center Administrator will be charged with responsibility for direct supervision of the Center Your failure to have the Franchised Business managed on a full-time basis by you or your Operating Principal is a default for which we may terminate the Franchise Agreement if the default persists for 30 days after notice from us

You must keep us informed at all times of the identity of any supervisory employee(s) or acting Center Administrator The Center Administrator must devote his or her full time and best efforts to the management and supervision of the Center

If you own or control more than 1 Franchised Business, each Center must be under the direct on-premises supervision of a Center Administrator who has completed our training programs and, if then applicable, obtained certifications that we may specify

The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for you You may not change the Operating Principal without our prior written consent We require that all owners, except those that hold a small ownership interest in the franchises (10% or less), sign a guarantee and assumption of obligations in the form attached to the Franchise Agreement as Exhibit E

You or your Operating Principal must satisfactorily complete initial training If you or your Operating Principal fails to complete the initial training to our satisfaction, then you must repeat training or send a substitute to complete the next available training program We reserve the right to charge you for

substitute personnel that attend the next training program If we determine that you or your Operating Principal cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement at our sole discretion, and if we do, you and we will sign mutual releases

All management personnel, including the Center Administrator and any other personnel that we designate, must meet minimum qualifications that we may specify and complete such training programs as we may require, prior to managing the Franchised Business or training other personnel If we learn or determine that a person is regarded as no longer complying with our standards and procedures, then we may require that person to satisfactorily complete training or re-training program We reserve the right to charge for retraining personnel

In addition, all management personnel and other personnel working at the Franchised Business must satisfactorily complete all state and local government required training and must meet all mandatory licensing and certification requirements

Your Operating Principal and Center Administrator must sign a confidentiality and non-compete agreement, in a form that is acceptable to us, which will contain covenants we require

You must sign and maintain during the term of your Franchise Agreement, a Management Agreement with a PC (unless you and we sign an Amendment to Waive Management Agreement) Our criteria for a PC include requirements that the physicians of the PC be duly licensed and board certified as required in their respective states and have experience in emergency medicine and family practice medicine If you are not able initially to find a suitable urgent care physician or physicians to create, own and staff the PC, we have an approved vendor that can assist you for a fee You must use our applicable standard form of Management Agreement attached hereto as Exhibit B, however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with the PC You must obtain our written approval of the final Management Agreement prior to signing it with the PC The PC will employ and control the Affiliated Physicians (i e , general urgent care physicians and the specialty medical physicians and personnel including, nurses, X-ray technicians, and medical receptionists, together with the general practitioners) and the other urgent care professionals who will provide the actual urgent care services required to be delivered at and through the Center You must ensure that the PC offers all urgent care services in accordance with the Management Agreement and the System, and does not offer any services or products that we have not authorized to be provided in connection with Centers

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must provide all management services to the Center that we specify to support the PC's urgent care practice and its delivery of urgent care services and related products to urgent care patients at a Center, consistent with all applicable laws and regulations You must also ensure that the PC provides at the Center the services and products that we specify You must offer and sell approved services and products only in the manner we have approved You must not offer for sale or sell at or from the Franchised Business any services or products we have not approved, and you will ensure that the PC operating the Center offers and sells only those services and products that we have approved, and you will be responsible for ensuring that the PC operating the Center discontinues selling and offering for sale any services or products that we disapprove You will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing Without limiting the previous requirement, you agree not to provide any medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval

The PC for the Center will employ and control the Affiliated Physicians You may not provide any actual urgent care or medical services, nor will you supervise, direct, control or suggest to, the PC or its physicians or employees the manner in which the PC provides or may provide medical or urgent care services to its patients You must ensure that the PC offers all urgent care services in accordance with the Management Agreement and the System, and does not offer any services or products that we have not authorized be provided in connection with Center

If you determine that it is permissible (or not prohibited) in your state, you and we may enter into an Amendment to Waive Management Agreement Under this Amendment, you will both operate the Center (including performing all responsibilities and obligations of the "PC"), and manage the Center as required by the Franchise Agreement and the Management Agreement Any waiver, or any modification of our standards, would be subject to compliance with all applicable laws and regulations

We generally do not restrict the persons you solicit, or the methods by which you promote the Franchised Business and the Center you manage

[The rest of this page intentionally left blank ]

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

### THE FRANCHISE RELATIONSHIP

**This table lists certain important provisions of the franchise agreement and related agreements You should read these provisions in the agreements attached to this disclosure document**

FRANCHISE AGREEMENT

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| a Length of the franchise term | Definitions | Term expires 15 years after opening date of the Franchised Business |
| b Renewal or extension | Section 13 | 4 additional 5-year renewal terms |
| c Requirement for franchisee to renew or extend | Section 13 | Substantial compliance, notice, maintain or substitute Premises, signing of then-current franchise agreement, release, satisfy all monetary obligations to us, comply with training and qualification requirements, improvements to premises<br><br>If you seek to renew your franchise at the expiration of the initial term, you will be asked to sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements |
| d Termination by franchisee | Not applicable | Not applicable |
| e Termination by franchisor without cause | Not applicable | Not applicable |
| f Termination by franchisor with cause | Sections 14 1, 14 2 and 14 3 | We may terminate only if you default |
| g "Cause" defined – curable defaults | Sections 14 2 and 14 3 | You have 30 days to cure failure to open Franchised Business within specified time period, failure to complete training, failure to maintain required licenses, failure to maintain required insurance, failure to pay amounts due, failure to pay us, suppliers or taxing authorities, and other grounds |
| h "Cause" defined - non-curable defaults | Sections 14 1 and 14 2 | Bankruptcy, insolvency, misuse of our Marks, transfer in violation of the Franchise Agreement, material misrepresentation on application for a Franchised Business, felony conviction, unauthorized disclosure of Confidential Information, and other grounds |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| i Franchisee's obligations on termination/ non-renewal | Section 15 | Cease use of Marks, payment of amounts due, cease operating Franchised Business, comply with covenants, return Manual and others confidential information |
| j Assignment of contract by franchisor | Section 12 1 | We may assign the Franchise Agreement without limitation |
| k "Transfer" by franchisee – defined | Section 12 2 | Includes transfer of any interest |
| l Franchisor approval of transfer by franchisee | Section 12 3 | Our consent to a transfer is not a waiver of any claims we have against you |
| m Conditions for franchisor approval of transfer | Section 12 3 | Our approval of transferee, sign then-current franchise agreement, payment of transfer fee, release, non-competition, transferee qualifies, all obligations to us satisfied, and others |
| n Franchisor's right of first refusal to acquire franchisee's business | Section 12 6 | We have the right of first refusal, if you determine to sell or transfer your interest in the franchisee, the Franchise Agreement or the Franchised Business |
| o Franchisor's option to purchase franchisee's business | Section 15 5 | We have the right upon termination or expiration to purchase all your assets from the Franchised Business at a purchase price equal to their fair market value |
| p Death or disability of franchisee | Section 12 5 | Your estate must transfer your interest in the Franchised Business to a third party we approve, within 12 months after death or disability Your estate must appoint a manager within 30 days of death or disability and an Operating Principal within 90 days after death or disability |
| q Non-competition covenants during the term of the franchise | Section 7 | Includes a prohibition on engaging in Competitive Business, including any urgent care center or a business that offers or urgent care or management service that is similar to the services and products authorized to be offered or sold under the Marks and the System |
| r Non-competition covenants after the franchise is terminated or expires | Section 15 4 | Includes a 2-year prohibition on a Competitive Business at the Premises, within the Territory, and within 5 miles of the border of the Territory or within the Territory of other Franchised Businesses in operation or under construction |
| s Modification of agreement | Section 17 9 | The Franchise Agreement may only be modified by written agreement signed by both parties |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| t Integration/merger clause | Section 17 12 | Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable However, nothing in the agreement is intended to disclaim any representations we make in this disclosure document |
| u Dispute resolution by arbitration or mediation | Section 17 5 | Before filing for arbitration, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised (subject to applicable state law) If mediation is not successful, except for certain claims, all disputes must be arbitrated |
| v Choice of forum | Section 17 7 | Arbitration must be in Jefferson County, Alabama subject to applicable law |
| w Choice of law | Section 17 6 | Alabama, subject to applicable state law |

**This table lists certain important provisions of the area development agreement and related agreements You should read these provisions in the agreements attached to this disclosure document**

AREA DEVELOPMENT AGREEMENT

| Provision | Section in area development agreement | Summary |
|---|---|---|
| a Length of the franchise term | Section IV | 180 days after the last Center on the development schedule opens |
| b Renewal or extension | None | Not Applicable |
| c Requirement for franchisee to renew or extend | None | Not Applicable |
| d Termination by franchisee | None | Not Applicable |
| e Termination by franchisor without cause | None | Not Applicable |
| f Termination by franchisor with cause | Section V | We can terminate only if you default |
| g "Cause" defined – curable defaults | Section V C | You have 30 days to cure failure to meet development schedule, misuse of Marks |

| Provision | Section in area development agreement | Summary |
|---|---|---|
| h "Cause" defined - non-curable defaults | Section V B and V C | Insolvency or bankruptcy, receivership or assignment for benefit of creditors, unauthorized attempt to assign or transfer, false or misleading statements |
| i Franchisee's obligations on termination/ non-renewal | Section VII | Comply with covenants |
| j Assignment of contract by franchisor | Section VI A | No restriction on our right to assign |
| k "Transfer" by franchisee – defined | Section VI B | Includes pledge, gift or assignment of the Area Development Agreement or ownership change of Developer |
| l Franchisor approval of transfer by franchisee | Section VI | We have the right to approve any transfer but will not unreasonably withhold approval if you meet our conditions which are set forth in the Franchise Agreement and incorporated by reference |
| m Conditions for franchisor approval of transfer | Section VI | All obligations to us are satisfied, sign release, transferee must qualify and either assume the Area Development Agreement and Franchise Agreements or sign new agreements and complete training, pay transfer fee |
| n Franchisor's right of first refusal to acquire franchisee's business | None | Not Applicable |
| o Franchisor's option to purchase franchisee's business | None | Not Applicable |
| p Death or disability of franchisee | Section VI | Must be transferred to a qualified person within a reasonable time |
| q Non-competition covenants during the term of the franchise | Section VII | No interest in a Competitive Business anywhere |
| r Non-competition covenants after the franchise is terminated or expires | Section VII | For 24 months, no interest in a Competitive Business within the Development Area or within 5 miles of the border of any territory |
| s Modification of agreement | Section XII | No modification except by written agreement signed by both parties |
| t Integration/merger clause | Section XII | Only the terms of the Area Development Agreement are binding (subject to state law), any other promises are unenforceable No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document |

| Provision | Section in area development agreement | Summary |
|---|---|---|
| u Dispute resolution by arbitration or mediation | Section XIV | Except for certain claims, all disputes must be arbitrated |
| v Choice of forum | Section XIV A | Arbitration must be held in Jefferson County, Alabama, subject to applicable state law |
| w Choice of law | Section XII | Alabama law applies, subject to applicable state law |

## ITEM 18
## PUBLIC FIGURES

We do not use any public figures to promote our franchise

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances

The Tables below present certain historical revenue and related operating results for the 85 Center businesses that were open and in operation all of Fiscal Year 2016 Of these 85 Centers, all are owned and operated by Franchisees

Table 1 presents the data for each of the 85 Centers included in the sample, as well as the collective totals and averages for these Centers Table 2 presents the averages of the Centers when grouped according to the year in which these 85 Centers first began operating Please carefully read all of the information in this Item 19, and all of the notes following the charts, in conjunction with your review of the historical data

**Table 1 – 2016**
**Net Payments and Patient Counts by Center**

| | Year of First Operation | Total Number of Patients Seen in Fiscal Year 2016, Ending 11/30/2016 | Net Payments in Fiscal Year 2016, Ending 11/30/2016 |
|---|---|---|---|
| 1 | 2014 | 37840 | $4,362,435 51 |
| 2 | 2009 | 28174 | $3,526,785 59 |
| 3 | 2013 | 23344 | $3,104,535 80 |

| | | | |
|---|---|---|---|
| 4 | 2013 | 27280 | $2,954,380 35 |
| 5 | 2012 | 23777 | $2,857,721 23 |
| 6 | 2013 | 24726 | $2,777,825 18 |
| 7 | 2014 | 25089 | $2,642,902 02 |
| 8 | 2012 | 22735 | $2,624,424 49 |
| 9 | 2012 | 21408 | $2,537,199 18 |
| 10 | 2013 | 22563 | $2,500,040 10 |
| 11 | 2011 | 23205 | $2,459,073 34 |
| 12 | 2013 | 24169 | $2,414,997 03 |
| 13 | 2014 | 21749 | $2,367,546 78 |
| 14 | 2012 | 19685 | $2,284,521 95 |
| 15 | 2013 | 20990 | $2,138,792 70 |
| 16 | 2014 | 16752 | $2,000,514 08 |
| 17 | 2012 | 8805 | $1,917,491 65 |
| 18 | 2010 | 18982 | $1,899,573 69 |
| 19 | 2011 | 18468 | $1,892,386 80 |
| 20 | 2012 | 14163 | $1,850,401 55 |
| 21 | 2011 | 20760 | $1,813,483 66 |
| 22 | 2010 | 17159 | $1,797,441 22 |
| 23 | 2010 | 18977 | $1,764,605 47 |
| 24 | 2014 | 16715 | $1,758,916 08 |
| 25 | 2011 | 16804 | $1,740,717 93 |
| 26 | 2012 | 13941 | $1,708,621 20 |
| 27 | 2014 | 14580 | $1,705,625 37 |
| 28 | 2012 | 15189 | $1,662,177 42 |
| 29 | 2014 | 14653 | $1,644,470 00 |
| 30 | 2010 | 15567 | $1,635,104 67 |
| 31 | 2014 | 13646 | $1,631,413 86 |
| 32 | 2010 | 13684 | $1,616,993 47 |
| 33 | 2010 | 14931 | $1,606,646 93 |
| 34 | 2014 | 12623 | $1,573,524 70 |
| 35 | 2014 | 14862 | $1,562,695 10 |
| 36 | 2014 | 15008 | $1,533,115 66 |
| 37 | 2012 | 14383 | $1,523,572 02 |
| 38 | 2012 | 14325 | $1,517,121 78 |
| 39 | 2013 | 13795 | $1,516,477 62 |
| 40 | 2011 | 9897 | $1,496,901 79 |
| 41 | 2012 | 13065 | $1,489,847 11 |
| 42 | 2010 | 12151 | $1,471,119 32 |
| 43 | 2010 | 14047 | $1,434,926 08 |
| 44 | 2009 | 12461 | $1,427,045 98 |
| 45 | 2010 | 9283 | $1,347,217 19 |
| 46 | 2014 | 17839 | $1,342,681 12 |

| | | | |
|---|---|---|---|
| 47 | 2011 | 12348 | $1,340,419 35 |
| 48 | 2011 | 9954 | $1,335,744 84 |
| 49 | 2014 | 12850 | $1,301,039 18 |
| 50 | 2013 | 12581 | $1,300,239 67 |
| 51 | 2014 | 10850 | $1,296,275 04 |
| 52 | 2012 | 15856 | $1,285,393 39 |
| 53 | 2012 | 15991 | $1,283,673 52 |
| 54 | 2015 | 11558 | $1,265,314 22 |
| 55 | 2013 | 11481 | $1,259,225 45 |
| 56 | 2011 | 10547 | $1,239,242 97 |
| 57 | 2011 | 10652 | $1,233,130 82 |
| 58 | 2015 | 11736 | $1,219,221 21 |
| 59 | 2011 | 13367 | $1,199,629 98 |
| 60 | 2012 | 10196 | $1,186,468 55 |
| 61 | 2013 | 14827 | $1,179,173 70 |
| 62 | 2015 | 11023 | $1,164,240 54 |
| 63 | 2014 | 10964 | $1,159,437 39 |
| 64 | 2012 | 10710 | $1,150,192 09 |
| 65 | 2010 | 10094 | $1,135,275 05 |
| 66 | 2015 | 9832 | $1,131,612 91 |
| 67 | 2010 | 17742 | $1,131,023 37 |
| 68 | 2010 | 9000 | $1,118,052 17 |
| 69 | 2012 | 8927 | $1,113,933 90 |
| 70 | 2011 | 10024 | $1,069,871 23 |
| 71 | 2015 | 9790 | $1,052,468 58 |
| 72 | 2012 | 8988 | $1,026,830 12 |
| 73 | 2011 | 7748 | $973,547 48 |
| 74 | 2010 | 9524 | $954,962 33 |
| 75 | 2012 | 9746 | $946,649 53 |
| 76 | 2011 | 11008 | $937,415 47 |
| 77 | 2015 | 9909 | $919,723 10 |
| 78 | 2013 | 7182 | $881,446 69 |
| 79 | 2011 | 9838 | $820,946 62 |
| 80 | 2015 | 10796 | $801,289 04 |
| 81 | 2014 | 11787 | $783,211 00 |
| 82 | 2015 | 7978 | $779,810 78 |
| 83 | 2015 | 8216 | $738,221 01 |
| 84 | 2014 | 9039 | $698,885 01 |
| 85 | 2015 | 6317 | $641,930 39 |
| **TOTALS** | **85** | **1,245,225** | **$134,491,179 46** |

**Table 2 – 2016**
**Net Payments Grouped by Year of First Operation**

| Year Center Opened | Number of Centers in Group | Average Net Payments in Fiscal Year 2016, Ending 11/30/2016 | Within Group Number and % of Centers at or Above Average Net Payments | Average Number of Patients Seen in Fiscal Year 2016, Ending 11/30/2016 | Within Group Number and % of Centers at or Above Average Number of Patients |
|---|---|---|---|---|---|
| 2009 | 2 | $2,476,916 79 | 1 Center, 50% | 20318 | 1 Center, 50% |
| 2010 | 13 | $1,454,841 61 | 7 Centers, 53 85% | 13934 | 7 Centers, 53 85% |
| 2011 | 14 | $1,396,608 02 | 5 Centers, 35 71% | 13187 | 5 Centers, 35 71% |
| 2012 | 18 | $1,664,791 15 | 7 Centers, 38 89% | 14549 | 7 Centers, 38 89% |
| 2013 | 11 | $2,002,466 75 | 6 Centers, 54 54% | 18449 | 6 Centers, 64 54% |
| 2014 | 17 | $1,727,334 58 | 5 Centers, 29 41% | 16285 | 6 Centers, 35 29% |
| 2015 | 10 | $971,383018 | 5 Centers, 50% | 9716 | 7 Centers 70% |

Notes

1 The sample includes franchisees who were managing Centers that were operating for all of 2016 Each Center has been assigned a number (1 through 85) solely for purposes of providing the data in this Item 19, rather than identifying the specific location of each Center

2 "Net Payments" – This represents the actual net payments for each Center in the sample for the period December 1, 2015 to November 30, 2016 Included in franchisee's net payments are all revenues received from the PC under the Management Agreement, and from the offer and sales of all services (and products) to customers of the Centers The Net Payments figures of franchisees are compiled by using sales that the franchisees reported to us We have not audited or verified their reports, nor have franchisees confirmed that their reports used in the tables above are prepared in accordance with generally accepted accounting principles, or whether the method they used for calculating Net Payments is the same as we will use for "Net Payments"

3 The Number of Patient Visits reflects the total number of patient visits (each visit by each person is 1 visit) who visited the Center during the sample time period The physicians of each Center determine how many patients a physician must see in a given period or how many hours a physician must work each day

* * *

The data above does not reflect the costs of sales, costs of goods, rent and occupancy costs, wage and employee benefits costs, debt service, insurance, royalties and marketing fees, facilities and property maintenance, business and regulatory fees and licenses, recruitment expenses, legal and accounting fees, and bookkeeping and other professional services, or any other operating expenses or any other costs or expenses that must be deducted from "Net Payments" or gross revenue or gross sales to obtain a net income or net profit figure Franchisees are not required to report this data to us, and we do not have these operating costs for franchisees You should conduct an independent investigation of the costs and expenses you will or may incur in operating your Franchised Business Franchisees listed in this disclosure document may be one source of this information

In addition to the points noted above, your results will be affected by factors such as prevailing medical insurance reimbursement rates, prevailing economic or market area conditions, demographics, geographic location, your capitalization level, interest rates, the amount and terms of any financing that you may secure, the property values and lease rates, your business and management skills, staff strengths and weaknesses, and the cost and effectiveness of your marketing activities

Some franchises have earned this amount Your individual results may differ There is no assurance that you will sell as much

You are strongly encouraged to consult with your own financial advisors in reviewing the tables and, in particular, in estimating your sales (and the revenue of the PC/Center) as well as the types and amounts of costs and expenses that you will or may incur in operating your own Franchised Business

Actual costs, expenses and revenues vary from business to business, and from franchisee to franchisee We cannot estimate the results of any specific business or franchisee Results of a new franchisee's Franchised Business are likely to differ from those of established Centers The characteristics of the represented franchisee operations that may differ materially from that of a new franchisee include existing patient base, repeat business, community awareness, length of time being open, awareness of location, establishment of physician's following, and digital marketing footprint

We recommend that you make your own independent investigation about your Franchised Business' potential financial performance, and that you consult with your attorney and other advisors before signing any Franchise Agreement

Written substantiation for the financial performance representation will be made available to you upon reasonable request

Other than the preceding financial performance representation, AFCF does not make any financial performance representations We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Hoots, Vice President of Franchise Operation, 3700 Cahaba Beach Road, Birmingham, Alabama 35242, (205) 403-8902, the Federal Trade Commission, and the appropriate state regulatory agencies

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**System-wide Outlet Summary**
**For years 2014-2016[1]**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2014 | 65 | 85 | +620 |
| | 2015 | 85 | 90 | +5 |
| | 2016 | 90 | 100 | +10 |
| Company-Owned[3] | 2014 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 |
| **Total Outlets** | **2014** | **65** | **85** | **+20** |
| | **2015** | **85** | **90** | **+5** |
| | 2016 | **90** | **100** | **+10** |

**Table 2**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**For years 2014 to 2016[1]**

| State[2] | Year | Number of Transfers |
|---|---|---|
| North Carolina | 2014 | 0 |
| | 2015 | 0 |
| | 2016 | 1 |
| South Carolina | 2014 | 0 |
| | 2015 | 4 |
| | 2016 | 0 |
| Texas | 2014 | 1 |
| | 2015 | 0 |
| | 2016 | 0 |
| **Total** | **2014** | **1** |
| | **2015** | **4** |
| | **2016** | **1** |

**Table 3**
**Status of Franchised Outlets**
**For years 2014 to 2016[1]**

| State[2] | Year | Outlets at Start of Year | Outlets Opened | Termi-nations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Arizona | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| California | 2014 | 5 | 2 | 0 | 0 | 0 | 0 | 7 |
| | 2015 | 7 | 0 | 0 | 0 | 0 | 1 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |

| State[2] | Year | Outlets at Start of Year | Outlets Opened | Termi-nations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Colorado | 2014 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| Connecticut | 2014 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 3 | 0 | 0 | 0 | 0 | 7 |
| | 2016 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| Delaware | 2014 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Florida | 2014 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2015 | 6 | 0 | 0 | 0 | 0 | 1 | 6 |
| | 2016 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Georgia | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| Illinois | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indiana | 2014 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 1 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 2 | 0 |
| Kansas | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Louisiana | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 2014 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Massachu-setts | 2014 | 9 | 3 | 0 | 0 | 0 | 0 | 12 |
| | 2015 | 12 | 3 | 0 | 0 | 0 | 0 | 15 |
| | 2016 | 15 | 2 | 0 | 0 | 0 | 0 | 17 |
| Missouri | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nebraska | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nevada | 2014 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| North Carolina | 2014 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |

| State[2] | Year | Outlets at Start of Year | Outlets Opened | Termi-nations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| New Jersey | 2014 | 5 | 3 | 0 | 0 | 0 | 0 | 8 |
| | 2015 | 8 | 2 | 0 | 0 | 0 | 0 | 10 |
| | 2016 | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| New York | 2014 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| Ohio | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| Oregon | 2014 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Pennsylvania | 2014 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2015 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| South Carolina | 2014 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2015 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| Tennessee | 2014 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| Texas | 2014 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2015 | 7 | 0 | 0 | 0 | 0 | 1 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| Virginia | 2014 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 1 | 1 | 0 | 0 | 0 | 3 |
| Washington | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Wisconsin | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Totals** | **2014** | **65** | **20** | **0** | **0** | **0** | **0** | **85** |
| | **2015** | **85** | **10** | **0** | **0** | **0** | **5** | **90** |
| | **2016** | **90** | **16** | **1** | **0** | **0** | **5** | **100** |

**Table 4**
**Status of Company Owned Outlets[1][3]**
**For years 2014 to 2016**

| State[2] | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| **Totals** | **2014** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2015** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2016** | **0** | **0** | **0** | **0** | **0** | **0** |

**Table 5**
**Projected Openings as of November 30, 2016 for the Calendar 2017**

| State[2] | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets In The Next Fiscal Year | Projected New Company-Owned Outlets In The Next Year |
|---|---|---|---|
| Arizona | 1 | 0 | 0 |
| California | 6 | 3 | 0 |
| Connecticut | 4 | 4 | 0 |
| Colorado | 7 | 2 | 0 |
| Florida | 12 | 2 | 0 |
| Georgia | 8 | 1 | 0 |
| Indiana | 4 | 0 | 0 |
| Maryland | 1 | 0 | 0 |
| Massachusetts | 12 | 3 | 0 |
| Michigan | 0 | 1 | 0 |
| Missouri | 0 | 2 | 0 |
| Nebraska | 1 | 0 | 0 |
| New Jersey | 2 | 1 | 0 |
| New York | 5 | 2 | 0 |
| North Carolina | 5 | 0 | 0 |
| Ohio | 1 | 0 | 0 |
| Oregon | 3 | 1 | 0 |
| Pennsylvania | 2 | 1 | 0 |
| South Carolina | 5 | 3 | 0 |
| Tennessee | 6 | 2 | 0 |
| Texas | 3 | 1 | 0 |
| Virginia | 2 | 1 | 0 |
| Washington | 4 | 1 | 0 |
| Wisconsin | 4 | 0 | 0 |
| **Total** | **103** | **29** | **0** |

Notes to Tables 1 through 5

(1) Each of the years shown in the Tables above ends November 30 We became the franchisor of the Doctors Express franchise system on April 15, 2013 Some of the information in the Tables above reflects the results, as reported to us by our Predecessor, for the franchise system during the time our Predecessor was its franchisor (DRX was the franchisor from March 1, 2012 until April 15, 2013)

(2) States not listed did not have any Franchised Businesses or Centers during the relevant period

(3) Our Parent has operated urgent care clinics since 1982 It and its subsidiaries operate 66 clinics in Alabama, Florida, Georgia, Indiana and Tennessee under the name "American Family Care" As these businesses are not part of the AFCF franchise system, they are not included in the Tables above

The names, addresses, and telephone numbers of the franchisees in the AFCF franchise system as November 30, 2016 appear in Exhibit F

Any franchisees who had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the 2016 fiscal year or have not communicated us within 10 weeks of the date of this disclosure document are identified on Exhibit G If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with AFC Franchising You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

## ITEM 21
## FINANCIAL STATEMENTS

The following financial statement is attached to this disclosure document as Exhibit H

The audited financial statements for our fiscal years ending November 30, 2016, November 30, 2015 and November 30, 2014 and, the unaudited financial statements for our most recently ended quarter, if available

## ITEM 22
## CONTRACTS

The following contracts are attached to this disclosure document

- Franchise Agreement (Exhibit A)
- Area Development Agreement (Exhibit A-1)
- Management Agreement (Exhibit B) – including state specific appendix as applicable for California, Florida, Illinois and New York
- Conversion Addendum (Exhibit C)
- Amendment to Waive Management Agreement (Exhibit M)
- General Release (Exhibit O)

## ITEM 23
## RECEIPTS

The last 2 pages of this disclosure document (Exhibit P) are identical pages acknowledging receipt of this entire document (including the exhibits) Please sign and return to us 1 copy, please keep the other copy along with this disclosure document

# EXHIBIT A

## FRANCHISE AGREEMENT

**AFC FRANCHISING, LLC**

**FRANCHISE AGREEMENT**

_____

**FRANCHISEE**

_____

**DATE OF AGREEMENT**

_____

**TERRITORY & LOCATION ADDRESS**

_____

_____

## TABLE OF CONTENTS


| | | Page |
|---|---|---|
| 1 | GRANT OF FRANCHISE, TERRITORY | 4 |
| | 1 1 GRANT OF FRANCHISE | 4 |
| | 1 2 PROFESSIONAL CORPORATION UNDER MANAGEMENT, SERVICES | 4 |
| | 1 3 TERRITORIAL RIGHTS | 5 |
| | 1 4 RIGHTS WE RESERVE | 5 |
| | 1 5 MODIFICATION OF SYSTEM | 5 |
| | 1 6 CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP | 6 |
| 2 | OPENING OF FRANCHISED BUSINESS, LOCATION APPROVAL, LEASE OF¶ PREMISES, AND DEVELOPMENT | 6 |
| | 2 1 LOCATION APPROVAL | 6 |
| | 2 2 FRANCHISED BUSINESS DEVELOPMENT | 7 |
| | 2 3 OPERATING ASSETS | 7 |
| | 2 4 COMPUTER SYSTEM | 8 |
| | 2 5 OPENING OF FRANCHISED BUSINESS | 9 |
| 3 | FEES | 9 |
| | 3 1 INITIAL FRANCHISE FEE | 9 |
| | 3 2 CONTINUING SERVICE AND ROYALTY FEE | 9 |
| | 3 3 NET PAYMENTS | 10 |
| | 3 4 LATE FEES AND INTEREST | 10 |
| | 3 5 APPLICATION OF PAYMENTS | 10 |
| | 3 6 METHOD OF PAYMENT | 10 |
| | 3 7 PAYMENT OF TAXES | 10 |
| | 3 8 ADVERTISING FEE | 10 |
| 4 | TRAINING AND ASSISTANCE | 11 |
| | 4 1 INITIAL TRAINING AND CENTER ADMINISTRATOR | 11 |
| | 4 2 ONGOING TRAINING, TRAINING OF REPLACEMENT PERSONNEL | 12 |
| | 4 3 GENERAL GUIDANCE | 12 |
| | 4 4 OPERATIONS MANUAL | 12 |
| | 4 5 DELEGATION OF PERFORMANCE | 13 |
| | 4 6 FRANCHISEE COUNCIL | 13 |
| 5 | MARKS | 13 |
| | 5 1 OWNERSHIP AND GOODWILL OF MARKS | 13 |
| | 5 2 LIMITATIONS ON YOUR USE OF MARKS | 13 |
| | 5 3 NOTIFICATION OF INFRINGEMENTS AND CLAIMS | 14 |
| | 5 4 DISCONTINUANCE OF USE OF MARKS | 14 |
| | 5 5 INDEMNIFICATION FOR USE OF MARKS | 14 |
| 6 | CONFIDENTIAL INFORMATION | 14 |
| 7 | EXCLUSIVE RELATIONSHIP | 16 |

| | | | |
|---|---|---|---|
| 8 | SYSTEM STANDARDS | | 16 |
| | 8 1 | CONDITION AND APPEARANCE OF THE FRANCHISED BUSINESS | 16 |
| | 8 2 | FRANCHISED BUSINESS SERVICES, SPECIFICATIONS, STANDARDS AND PROCEDURES | 17 |
| | 8 3 | APPROVED PRODUCTS AND SUPPLIERS | 17 |
| | 8 4 | COMPLIANCE WITH LAWS, LICENSURE REGULATIONS, AND GOOD BUSINESS PRACTICES | 18 |
| | 8 5 | MANAGEMENT OF THE FRANCHISED BUSINESS/CONFLICTING INTERESTS | 18 |
| | 8 6 | INSURANCE | 19 |
| | 8 7 | COMPLIANCE WITH SYSTEM STANDARDS | 19 |
| | 8 8 | MODIFICATION OF SYSTEM STANDARDS | 20 |
| 9 | MARKETING | | 21 |
| | 9 1 | MARKETING CONTRIBUTIONS AND EXPENDITURES | 21 |
| | 9 2 | MARKETING FUND | 21 |
| | 9 3 | BY YOU | 22 |
| | 9 4 | GRAND OPENING ADVERTISING PROGRAM | 23 |
| | 9 5 | MARKET COOPERATIVE | 23 |
| | 9 6 | APPROVALS | 24 |
| | 9 7 | WEBSITES | 24 |
| 10 | RECORDS, REPORTS, AND FINANCIAL STATEMENTS | | 24 |
| 11 | INSPECTIONS AND AUDITS | | 25 |
| | 11 1 | OUR RIGHT TO INSPECT THE FRANCHISED BUSINESS | 25 |
| | 11 2 | OUR RIGHT TO AUDIT | 25 |
| 12 | TRANSFER | | 26 |
| | 12 1 | BY US | 26 |
| | 12 2 | BY YOU | 26 |
| | 12 3 | CONDITIONS FOR APPROVAL OF TRANSFER | 26 |
| | 12 4 | TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY | 28 |
| | 12 5 | YOUR DEATH OR DISABILITY | 28 |
| | 12 6 | OUR RIGHT OF FIRST REFUSAL | 29 |
| | 12 7 | EFFECT OF CONSENT TO TRANSFER | 28 |
| 13 | EXPIRATION OF THIS AGREEMENT, RENEWAL | | 29 |
| 14 | TERMINATION OF AGREEMENT | | 30 |
| | 14 1 | AUTOMATIC TERMINATION | 30 |
| | 14 2 | TERMINATION UPON NOTICE WITHOUT OPPORTUNITY TO CURE | 30 |
| | 14 3 | TERMINATION WITH OPPORTUNITY TO CURE | 31 |
| | 14 4 | EXTENDED NOTICE OF TERMINATION | 32 |
| | 14 5 | REMEDIES OTHER THAN TERMINATION | 32 |
| 15 | OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT | | 32 |
| | 15 1 | PAYMENT OF AMOUNTS OWED TO US | 32 |
| | 15 2 | MARKS | 32 |
| | 15 3 | CONFIDENTIAL INFORMATION | 33 |

| | | | |
|---|---|---|---|
| | 15 4 | COVENANT NOT TO COMPETE | 33 |
| | 15 5 | OUR RIGHT TO PURCHASE CERTAIN ASSETS OF THE FRANCHISED BUSINESS | 34 |
| | 15 6 | CONTINUING OBLIGATIONS | 34 |
| 16 | | RELATIONSHIP OF THE PARTIES/INDEMNIFICATION | 35 |
| | 16 1 | INDEPENDENT CONTRACTORS | 35 |
| | 16 2 | NO LIABILITY FOR ACTS OF OTHER PARTY | 35 |
| | 16 3 | TAXES | 35 |
| | 16 4 | INDEMNIFICATION | 35 |
| 17 | | ENFORCEMENT | 35 |
| | 17 1 | SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS | 35 |
| | 17 2 | WAIVER OF OBLIGATIONS | 36 |
| | 17 3 | COSTS AND ATTORNEYS' FEES | 37 |
| | 17 4 | RIGHTS OF PARTIES ARE CUMULATIVE | 37 |
| | 17 5 | MEDIATION AND ARBITRATION | 37 |
| | 17 6 | GOVERNING LAW | 38 |
| | 17 7 | CONSENT TO JURISDICTION | 38 |
| | 17 8 | WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL | 38 |
| | 17 9 | BINDING EFFECT | 38 |
| | 17 10 | LIMITATIONS OF CLAIMS | 38 |
| | 17 11 | OUR DISCRETION AND JUDGMENT | 39 |
| | 17 12 | CONSTRUCTION | 39 |
| 18 | | NOTICES AND PAYMENTS | 39 |
| 19 | | COMPLIANCE WITH ANTI-TERRORISM LAWS | 40 |
| 20 | | ACKNOWLEDGMENTS | 40 |


**EXHIBITS**


| | |
|---|---|
| EXHIBIT A | TERRITORY, INITIAL FEE AND ROYALTY |
| EXHIBIT B | SITE SELECTION ADDENDUM |
| EXHIBIT C | LISTING OF OWNERSHIP INTERESTS |
| EXHIBIT D | EDTA FORM |
| EXHIBIT E | GUARANTY AND ASSUMPTION OF OBLIGATIONS |

# AFC FRANCHISING, LLC
# FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the "**Agreement**") is made and entered into as of the _____ day of _____, 201__ (the "**Effective Date**") (regardless of the dates of the parties' signatures) by and between

- **AFC FRANCHISING, LLC**, an Alabama limited liability company located at 3700 Cahaba Beach Road, Birmingham, Alabama 35242 ("**we**," "**us**," or "**our**"), and
- _____, whose principal business address is _____ ("**you**" or "**your**")

## PREAMBLES AND BACKGROUND

A We and our predecessors, as a result of the expenditure of time, skill, and effort have developed (and continue to develop and modify) an urgent care center management system ("System") relating to the management of urgent and/or accessible primary care centers that provide, through independent physicians and professionally licensed persons or entities, various levels of patient care services, all of which are provided by a physician, or medical personnel supervised by a physician, which include, without limitation, minor injuries, infections, workers compensation injuries, sports physicals, travel medicine, and colds and flu, and each center will be equipped with several exam rooms, X-Ray Equipment, on-site laboratory, and where permitted by law a pharmacy dispensing the most common urgent care medicine As used herein urgent care also includes accessible primary care

B The urgent care centers in the System operate under the "AFC and Design" and "AMERICAN FAMILY CARE" name and Marks and will be managed according to the System The business that will manage a Center under the System is referred to in this Agreement as the "Franchised Business " The System has characteristics that currently include providing site selection assistance, construction design, approved supplier relationships for medical and other equipment, supplies, furniture and fixtures, procedures for monitoring operations and quality of services offered, procedures for management, training and assistance, advertising and promotional programs, business formats, methods, procedures, standards, and specifications all of which we may change, improve, and further develop

C We use, promote, and license certain trademarks, service marks, and other commercial symbols including the mark "AFC and Design" and "AMERICAN FAMILY CARE" in operating and managing Centers, which have gained and will continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols for Centers

D We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a business that will manage a Center using our System and Marks

E You have applied to us for the right to use the System Your application has been approved by us in reliance upon all of the representations made in your application including those concerning your financial resources and the manner in which the Franchised Business will be owned and operated You acknowledge that you have read this Agreement and been given an opportunity to obtain clarification of any provision that you did not understand You also understand and agree that the terms and conditions contained in this Agreement are necessary to maintain the System's high standards of quality and service and the uniformity of those standards at all Centers and thereby agree to protect and preserve the goodwill of the Marks, and you must comply with this Agreement and all System Standards in order to maintain the high and consistent quality that is critical for Centers

## CERTAIN DEFINITIONS

"**Allowances**" – manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits that are offered by suppliers to us based upon your purchases of Products

"**Center(s)**" – American Family Care urgent and accessible primary care centers

"**Center Administrator**" – the person who oversees the operations of the Center

"**Central Billing Services**" – our designated service provider that performs central billing and collection for all or a portion of the medical services rendered through the Center

"**Claims**" - all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party incurs in defending itself, including reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, whether or not it has commenced

"**Competitive Business**" – any urgent or primary care center, or a business that offers or provides urgent and/or primary care or management services for an urgent care center, or any other product or service or management service that is similar to the services and products authorized to be offered, sold or provided under the Marks and the System, or any business granting franchises or licenses to others to operate the type of business specified in this Agreement

"**Computer System**" – the computer hardware, operating software, and communications capabilities we specify

"**Confidential information**" – our trade secrets, manuals, and System and other information that you are given access to by virtue of this Agreement or otherwise that is not a matter of public knowledge

"**Control**" – the power to direct or cause the direction of management and policies

"**Disability**" – a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Operating Principal from supervising the Franchised Business's management and operating

"**EDTA**" – Electronic Depository Transfer Account is the manner in which you will remit all payments due to us during the term of this Agreement

"**Entity**" – corporation, limited liability company, general or limited partnership or legally recognized form of organized business structure

"**Franchise**" – the license that we grant you to develop and manage a Center at the Premises

"**Franchised Business**" – includes all of the assets of the American Family Care Business you operate under this Agreement, including its revenue and any lease for the premises

"**Immediate Family Members**" – includes spouses, domestic partners, children 18 years old or older and such other persons as we specify

"**Indemnified Parties**" – us, our affiliates, and our and their respective members, shareholders, directors, officers, employees, agents, successors, and assignees or designees

"**Initial Term**" – fifteen (15) years from the opening date

"**Management Agreement**" – the agreement that you enter into with a PC prior to opening the Franchised Business to manage the Center

"**Manual**" – the operations manual that we provide to assist you in setting up and establish the operations of your Franchised Business

"**Marks**" – "American Family Care," "AFC and Design" and logo and any other trademarks, service marks, and commercial symbols we may create, use or license for the Centers

"**Net Payments**" – all revenue your actually collected and received from operating the Franchised Business which includes all revenue received from the PC pursuant to the Management Agreement, all services and products sold, all amounts that you charge, invoice, collect, or receive at or away from the Premises, and whether from cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to taxing authorities

"**Opening Date**" – the latter of 90 days from the date the Premises are approved or 365 days from the Effective Date

"**Operating Assets**" – the fixtures, furniture, equipment (including medical and diagnostic equipment, patient and waiting room furniture, fixtures and equipment, computer facsimile, and point-of-sale information system or other technology systems), furnishings, and signs to be used in the Franchised Business and at the Center

"**Operating Principal**" – the person, shareholder, member, or partner that you designate to be responsible for overseeing and supervising the operation of the Franchised Business

"**Owner**" – any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you, including any person who has a direct or indirect interest in you, this Agreement, the Franchise, or the Franchised Business, and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights or assets

"**PC**" – the professional corporation, professional limited liability company or other professional entity as permitted by law in your state to operate the Center

"**Person**" – any natural, person, corporation, limited liability company, general or limited, unincorporated association, cooperative, or other legal or functional entity

"**Plan**" – the advertising and marketing plan that we help you develop for your Franchised Business and your Territory

"**Premises**" – the location that we approve for the Center

"**Products**" – our standards and specifications for mandatory and/or optional types, models and brands of required Operating Assets and other products, which may include equipment, supplies, goods, services and other materials to be used in connection with the operation of the Franchised Business and Center We may be a designated supplier

"**Royalty**" – the continuing service and royalty fee that you agree to pay us equal to the percentage set forth on Exhibit A, of the Franchised Business's Net Payments

"**Supplier**" – our approved or designated distributors and/or suppliers for any Product or Products We may be a designated supplier

"**System Standards**" – the mandatory and suggested specifications, standards, operating procedures and rules that we prescribe for the management and operation of the Franchised Business and Center

"**Territory**" – your area in which the Premises are located

"**You**" and "**Your**" – you, your affiliates, your corporation, limited liability company, partnership, or other legal entity and your owners, their corporation, limited liability company, partnership, or other legal entity, as applicable

"**We**," "**Us**" and "**Our**" – includes AFC Franchising, LLC, and any of our affiliates with whom you may deal

## 1 GRANT OF FRANCHISE, TERRITORY

### 1 1 Grant of Franchise

You have applied for a license to own and operate an urgent care management business that will manage a Center at the Premises, and in the Territory identified in Exhibit A The Premises and Territory will be determined as set forth in Section 2 1 and the Site Selection Addendum, which is included as Exhibit B Subject to this Agreement's terms, we grant you the right and license to develop and manage a Center at the Premises, and to use the System for the Initial Term, unless sooner terminated as provided herein You agree at all times to perform your obligations under this Agreement faithfully, honestly, and diligently and to use your best efforts to promote the Franchised Business

### 1 2 Professional Corporation Under Management, Services

Prior to commencing operations of the Franchised Business, you must enter into a management agreement with a PC whereby you will provide to the PC management and administrative services and support consistent with the System and as outlined in our form of Management Agreement to support the PC's urgent care practice and its delivery of urgent care services and related products to patients, consistent with all applicable laws and regulations The PC shall employ and control the physicians and professionally licensed personnel, including nurses, X-ray technicians, nurse practitioners and medical receptionists, together with the general practitioners, and the other urgent care professionals who will provide the actual urgent care services at the Center You shall not provide any actual urgent care or medical services, nor shall you supervise, direct, control or suggest to, the PC or its physicians or employees the manner in which the PC provides or may provide medical or urgent care services to its patients You acknowledge and agree that we will not provide any urgent care or medical services, nor will we supervise, direct, control or suggest to, the PC or its physicians or employees the manner in which the PC provide medical or urgent care services to its patients You must use our standard form of Management Agreement, however, you may negotiate the monetary terms and, with our written consent, certain other terms of the relationship with the PC You must obtain our written approval of the final Management Agreement prior to its execution We must approve the PC candidate You shall ensure that the PC offers all urgent care services in accordance with the Management Agreement and the System If you are not able initially to find a suitable urgent care physician or physicians to create, own and staff the PC, we have an approved vendor that can assist you at its then current rate You must have a Management Agreement in effect with a PC at all times during the

operation of the Franchised Business

1 3 Territorial Rights

After the Premises are approved, we will describe the Territory in Exhibit A Except as provided for in Sections 1 4, 1 5, and 1 6 below, and provided that you are in full compliance with this Agreement, we will not operate or grant others the right to operate a Franchised Business, or a similar urgent care management business that operates under a different mark or trade name, at a location within the Territory during the term of this Agreement

1 4 Rights We Reserve

We retain all rights with respect to Franchised Businesses and Centers, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to

(a) the right to manage and operate, and to grant others the right to manage and operate, Centers and similar urgent care businesses under different names or marks located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Premises or the Territory,

(b) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered at Centers through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate,

(c) the right to acquire the assets or ownership interests of one or more businesses that operate, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with the urgent care businesses and urgent care management businesses related to the Centers, and/or the right to be acquired by a competing urgent care or medical management company, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory, provided, however, that if we acquire such a competing business or chain, we will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory, although we may rebrand such existing businesses in your Territory to use the Marks and the System, and it is expressly acknowledged by you and us that any such business operations of the same or similar business that existed or operated at the time of such acquisition or transaction shall not constitute a breach of Section 1 3, and

(d) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, the urgent care management businesses related to the Centers, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory

1 5 Modification of System

You understand and agree that we may operate and change the System in any manner that is not expressly and specifically prohibited by this Agreement Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider to be best, to vary System Standards for any franchisee based upon

the peculiarities of any condition that we consider important to that franchisee's or Franchised Business's operation You may request that we grant you a variation or accommodation, but we have no obligation to do so

1 6 Corporation, Limited Liability Company, or Partnership

If you are at any time an Entity, you agree and represent that

(a) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation

(b) You will not alter, change, or amend your organizational documents, operating agreement, or partnership agreement, as applicable, without obtaining our approval, which approval we will not unreasonably deny or withhold, and will grant if such changes will not prevent you from performing your obligations under this Agreement

(c) Your organizational documents, operating agreement, partnership agreement, or stock certificates, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions

(d) Exhibit C to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date You agree to sign and deliver to us revised Exhibits C to reflect any permitted changes in the information that Exhibit C now contains,

(e) Each of your owners holding over ten percent (10%) ownership interest during this Agreement's term will execute a guaranty in the form attached hereto as Exhibit E undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us,

(f) The Operating Principal, as of the Effective Date, is identified in Exhibit C The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person from your Entity that we will recognize as having authority to communicate for and on your behalf and on behalf of your Entity You may not change the Operating Principal without our prior written consent, which we will not unreasonably withhold provided that the proposed new Operating Principal meets our then-current qualifications and standards and successfully completes our then-current training programs as we may require, and

(g) The Franchised Business will be the only business that the Entity may operate, and the Center will be the only business that the Entity may manage, and your organizational documents must reflect this (although the owners in the Entity may have other business interests subject to any restrictions on competitive businesses in Section 7 or Section 15 4)

## 2 OPENING OF FRANCHISED BUSINESS, LOCATION APPROVAL, LEASE OF PREMISES, AND DEVELOPMENT

2 1 Location Approval

You must lease, sublease, or acquire a site for the Franchised Business, in accordance with the timing and procedures set forth in, and subject to our approval in accordance with, the Site Selection

Addendum attached hereto as Exhibit B (**"Site Selection Addendum"**) You must have secured an approved site within two hundred seventy (270) days of the Effective Date of this Agreement

You agree to obtain our written approval of the Franchised Business's proposed location before signing any lease, sublease, or other document for the site

You may operate the Franchised Business only from the Premises, and you may not relocate the Franchised Business except with our prior written consent The Premises may be used only for the operation of a Franchised Business and other related activities approved by us in writing You shall not allow the Premises of the Center to be used for any other purpose

2 2 Franchised Business Development

You are responsible for developing the Franchised Business We will provide guidance to assist you in working with designated contractors and suppliers to complete the development and build out of the Center Specifically, we, and/or our designated contractors and suppliers, will work with you to

(a) obtain a site plan and any modifications to our basic architectural plans and specifications for the Center, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs, and decorating, consistent with applicable ordinances, building codes, and permit requirements,

(b) obtain all required zoning changes, all required building, driveway, utility, health, sanitation, and sign permits and any other required permits, provided, however, that you acknowledge it is your obligation to obtain and maintain these permits and approvals,

(c) arrange for the installation and delivery of equipment, fixtures, furniture and signs, provided, however, that you shall be required to purchase and/or lease such items directly and you shall be responsible for all monetary and other obligations thereunder, and

(d) complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Center in full and strict compliance with plans and specifications approved by us and all applicable ordinances, building codes and permit requirements

We will give you mandatory and suggested specifications and layouts for your location at the Premises, including recommended location size and design and required or recommended fixtures, equipment, and signs Your final floor plan must be submitted to us for written approval prior to construction You are responsible for compliance with any and all federal, state, or local laws, codes, and regulations

You agree to do the following, at your own expense, to develop the Franchised Business at the Premises (i) secure all financing required to develop and operate the Franchised Business, (ii) obtain all required building, utility, sign, occupancy, business, and other permits and licenses, and (iii) purchase or lease, and install, the Operating Assets for the Franchised Business

2 3 Operating Assets

You agree to use in operating the Franchised Business only those Operating Assets that we approve for Centers as meeting our specifications and standards for quality, design, appearance, function, and performance, provided, that you and we acknowledge and agree that the selection and use of any equipment and products used in connection with medical services provided by the PC to its patients will be subject to

the PC's approval based on the professional opinion of the PC's physicians You agree to place or display at the Premises only the signs, lettering, logos, and display materials that we approve, subject to, and only in strict compliance with, the local rules and regulations regarding the operation, management and advertising of or for an urgent care center You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us) If you or the PC wish to use any medical equipment or medical related product other than items that we have previously approved, you must first submit a written request for our approval, which we will not unreasonably withhold if the proposed medical equipment or medical product meets our standards and specifications, and any applicable rules or regulations, as determined by the PC's physician(s)

2 4 Computer System

You agree to obtain and use the Computer System we specify We may modify specifications for and components of the Computer System You agree to maintain the e-mail addresses that we provide to your Center and certain of its employees You agree to obtain high-speed communications access, such as broadband or DSL, or other high-speed capacity that we may specify Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for the Computer System Although we cannot estimate the future costs of the Computer System or required service or support, you agree to incur the costs of obtaining the computer hardware, software, and/or communications capabilities comprising the Computer System (or additions and modifications) and required service or support We may retain a third-party provider, or an Applications Service Provider (ASP) to provide some or all of the service and support for your benefit or the benefit of the Franchised Business and Center, and we may pay a service or ASP hosting fee You will be responsible for any costs that you incur in connection with the Computer System Within sixty (60) days after you receive notice from us, you agree to obtain and install the Computer System components that we designate You must permit us unimpeded access to those aspects of the Computer System as we require in the manner, form, and at the times that we request

You agree that we may condition any license of proprietary software to you, or your use of technology that we develop or maintain, upon your signing a software license agreement or similar document with us or an approved vendor We or our approved vendor may charge you a fee for any proprietary software or technology that is licensed to you and for other maintenance and support services provided

You will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System, (2) the manner in which your Computer System interfaces with our and any third party's computer system, and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded You may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer System that might hamper or interfere with the operation of the Computer System in the manner we require

We have the right to specify in the Manual, or otherwise in writing, the information that you must collect and maintain through the Computer System and to do so at the intervals we may designate Subject to any applicable laws pertaining to the privacy of consumer, employee, and transactional information, including but not limited to HIPAA, you agree to provide us, or designated suppliers of support services that use such data to provide services to the Franchised Business, with the reports that we may reasonably request You agree to allow us to have independent access to the information generated or stored in your Computer System During any periods that we have independent access, we may access the Computer System as we deem appropriate (including on a continual basis), and retrieve all information concerning your Franchised Business's operation, subject to your and our compliance with HIPAA or other applicable

law relating to confidentiality of patient records There are no contractual limitations on our right to access your Company System for information and data

2 5 Opening of Franchised Business

You agree not to open the Franchised Business until

(a) the Franchised Business meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Franchised Business complies with any licensing, labor, building, fire, occupational, landlord's insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations, nor a waiver of our right to require continuing compliance with our requirements, standards, or policies),

(b) you have received all required state and local government certifications, permits, and licenses necessary for the management of a Center, and the PC has certified to you that it has received all required state and local government certifications, permits and licenses necessary for the operation of a Center, including any required licenses and certifications for its personnel,

(c) you, your Operating Principal, your Center Administrator, and other managers and personnel (if any) have satisfactorily completed all training that we require for each such person,

(d) you pay the initial franchise fee and other amounts then due to us,

(e) you have executed all agreements required prior to the opening of the Franchised Business, including, but not limited to, the Agreement, the lease, the Management Agreement, and any software license agreements,

(f) you are not in default under or in violation of any agreements by and between you and us or any suppliers, and

(g) you provide us certificates of insurance for all required insurance policies

Subject to your compliance with these conditions, and except as we may otherwise approve, you agree to open the Franchised Business on the Opening Date

## 3 FEES

3 1 Initial Franchise Fee

You agree to pay us a nonrecurring initial franchise fee, in the amount set forth in Exhibit A This fee is due, and fully earned by us, when you sign this Agreement The initial franchise fee is nonrefundable

3 2 Continuing Service and Royalty Fee

In consideration of the license granted to use the Marks and the System, and for the services provided to enable you to provide management services to the PC, you agree to pay us, in the manner provided below (or as the Manual otherwise prescribes), a Royalty, based on the calculations set forth in Exhibit A The Royalty must be transmitted by automatic, electronic debit of funds on a weekly basis, on or before the Wednesday immediately following the previous week (with each week beginning on a Monday and ending on a Sunday), based on the Net Payments from the preceding week

3 3 Net Payments

To the extent your required Net Payments report includes sales or revenue not received, or includes sales or revenue that is refunded at a later date to a client, we will apply an appropriate credit toward a future payment In the event that the PC fails to pay you any revenues that it is obligated to pay you under the Management Agreement, the amounts that it fails to pay you shall nonetheless be included in the calculation of Net Payments

3 4 Late Fees and Interest

All amounts which you owe us for any reason, will bear interest accruing as of their original due date at one and one-half percent (1 5%) per month or the highest commercial contract interest rate the law allows, whichever is less We may debit your bank account automatically for late fees and interest You acknowledge that this Section 3 4 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business

3 5 Application of Payments

We may apply any of your payments to any of your past due indebtedness to us as we determine regardless of your designation for such payment We may set off any amounts you owe us or key suppliers against any amounts we owe you You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement

3 6 Method of Payment

Before the Franchised Business opens, you agree to sign and deliver to us the EDTA documents we require to authorize us to debit your business checking account automatically for the Royalty, Marketing Fund contributions, and other amounts due under this Agreement and for your purchases from us We will debit the EDTA for these amounts on their due dates You agree to ensure that funds are available in the EDTA to cover our withdrawals Our access to your business checking account by EDTA shall be utilized by us only for your payments required under this Agreement

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit whenever we deem appropriate You agree to comply with our payment instructions as they may be modified from time to time

You must comply with all of our payment policies, procedures, and requirements, as described in the Manual

3 7 Payment of Taxes

You must pay in a timely manner all local, state and federal sales, business, property, goods and services taxes and all other taxes, rates, levies and fees levied or assessed by any governmental authority directly or indirectly in connection with the Franchised Business

3 8 Advertising Fee

During the term of the Franchise, you agree to pay us an advertising and marketing fee of one percent (1%) of your Net Payments, payable in the same manner as the Royalty

## 4 TRAINING AND ASSISTANCE

### 4 1 Initial Training and Center Administrator

You must hire and retain a Center Administrator, before you open for business We may provide and require that your Center Administrator complete certain initial training, although we will not require that your Center Administrator attend initial franchisee training that we will provide at our headquarters Training for the other Center Administrator(s) and other personnel may be conducted as we determine appropriate within six (6) months of your Opening Date

We will conduct an initial training program for you or your Operating Principal, which will address the material aspects of managing and operating your Franchised Business We will provide the initial training program at our headquarters or at a designated training facility of our choice at no charge to you We will provide the initial training for your required attendees We reserve the right to charge an initial training fee for anyone else that attends initial training You agree to pay for all travel and living expenses which you incur and for your employees' wages and workers' compensation insurance during training

You or your Operating Principal must complete the initial training to our satisfaction If you or your Operating Principal fails to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program We reserve the right to charge you for substitute personnel that attend the next training program If we determine that you or your Operating Principal cannot complete initial training to our satisfaction, we may terminate this Agreement Among the current criteria for satisfactory completion of training are attendance at all training classes, passing all interim and final tests and exams, and demonstrating a capability and willingness to comply with System Standards

No later than thirty (30) days before you open your Franchised Business, you must also hire, and thereafter retain, one person as a full-time, paid employee who will devote their full-time and best efforts to marketing and promoting the Franchised Business and the Center (a "Marketing Representative") Your Marketing Representative must be sufficiently qualified and capable of performing the job functions and duties that we specify in the System Standards The Marketing Representative must participate in and successfully complete such training and certification programs as we may specify, and must do so in the time frames we specify You agree to pay all travel and living expenses which your Marketing Representative incurs during all training courses and programs

All management personnel, including Center Administrators and any other personnel that we designate, must meet minimum qualifications and receive such certification(s) and complete any training programs that we may require, prior to managing the Franchised Business or training other personnel If, at any time during the term of the Franchise Agreement, we learn or determine that a person is regarded as no longer complying with our standards and procedures, then we may require that person satisfactorily complete training or a re-training program We reserve the right to charge for re-training personnel

In addition, all management personnel and other personnel working at the Franchised Business must satisfactorily complete all state and local government required training and must meet all required licensing and certification requirements

Prior to the opening of the Franchised Business, we will, at our cost, send one of our representatives to the Franchised Business for a period of three (3) days to assist with pre-opening and opening of the Franchised Business If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including our personnel per diem charges and travel and living expenses

4 2 Ongoing Training, Training of Replacement Personnel

We may require you or your Operating Principal, your Center Administrator, and/or other previously trained and experienced managers and employees to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify We may charge reasonable registration or similar fees for these courses You agree to pay all costs to attend

We require that your replacement Center Administrators satisfactorily complete such training programs as we may require for center administrators within ninety (90) days after being designated as Center Administrator You agree to pay all wages, travel and living expenses which you and your employees incur during all training courses and programs

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue or modify from time to time

4 3 General Guidance

We will advise you regarding the Franchised Business's operation based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you with respect to (1) standards, specifications, and operating procedures and methods regarding management of a Center, (2) advertising and marketing materials and programs, (3) employee training and recruiting programs, and (4) administrative, bookkeeping, and accounting procedures Your Franchised Business will be assigned a Business Consultant that will provide you with ongoing assistance and advice The Business Consultant will be your contact person

We will provide guidance in our Manual, in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our location or the Franchised Business If you request, and we agree to provide, additional or special guidance, assistance, or training outside of the duties of the Business Consultant, you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses

4 4 Operations Manual

We will loan you during the Initial Term one (1) copy of our Manual, which may include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials The Manual contains our System Standards that we periodically prescribe for the management and operation of a Franchised Business and a Center and information on your other obligations under this Agreement We may modify the Manual periodically to reflect changes in System Standards

You agree to keep your copy of the Manual current and in a secure location at the Franchised Business If there is a dispute over its contents, our master copy of the Manual controls You agree that the Manual's contents are confidential and that you will not disclose the Manual to any person other than Franchised Business employees who need to know its contents You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual If your copy of the Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us We may assess you our then applicable printing or copying charge This charge is for our direct costs, and is not related to any value that we place on the Confidential Information

At our option, we may post some, or all, of the Manual on a restricted Website or extranet to which you will have access The term "Website" as used in this Agreement means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social networking sites, blogs, vlogs, and other applications, etc If we do so, you agree to monitor and access the Website for any updates to the Manual or System Standards Any passwords or other digital identifications necessary to access the Manual on a Website will be deemed to be part of the Confidential Information

### 4 5 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement

### 4 6 Franchisee Council

We reserve the right to create a franchisee advisory council ("**Franchisee Council**") comprised of Franchised Business franchisees or their representatives for the purpose of fostering communications among franchisees and with us If we create a Franchisee Council, you must participate and contribute such dues that may be assessed to franchisees to support the Franchisee Council We reserve the right to establish the legal, administrative, and organizational framework for the Franchisee Council

## 5 MARKS

### 5 1 Ownership and Goodwill of Marks

We own, and we have the right to license others to use the Marks used in connection with the Franchised Businesses and Centers Your right to use the Marks is derived only from this Agreement and limited to your operation of the Franchised Business pursuant to this Agreement and all System Standards Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks You acknowledge and agree that your use of the Marks, and any goodwill established by that use, are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use You may not at any time during or after this Agreement's term, use, contest or assist any other person in contesting the validity of our ownership of the Marks

### 5 2 Limitations on Your Use of Marks

You agree to use the Marks as the Franchised Business's sole identification, except that you agree to identify yourself or the Entity as its independent operator in the manner we prescribe Your use of the Marks will be limited to uses related to the management and administrative support of the Center, and may not in any way, explicitly or implicitly, relate to the provision of any medical or urgent care services You may not use any Mark, any derivatives of the Marks or similar mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website, or (5) in any other manner that we have not expressly authorized in writing

You may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in you without our prior written consent, which we will not unreasonably

withhold You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising, supplies, and other materials we designate You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law

You further acknowledge that we may license the use of the Marks to the PC, and other PCs, for use in identifying to the public the Center, subject to, and only in compliance with, applicable federal, state and local laws, rules and regulations and applicable medical licensing laws and regulations

5 3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim We may take the action we deem appropriate (including no action) and control exclusively any litigation, U S Patent and Trademark proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark or other proceeding or otherwise to protect and maintain our interests in the Marks We will reimburse you for your costs of taking any action that we have asked you to take

5 4 Discontinuance of Use of Marks

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice We need not reimburse you for your direct expenses of changing the Franchised Business's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark

Our rights apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement We may exercise these rights at any time and for any reason You acknowledge both our right to take such action and your obligation to comply with our directions

5 5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have notified us immediately upon your becoming aware of and comply with our directions in responding to the proceeding, and you have used the Mark(s) in compliance with this Agreement, the Manual, and other directives from us At our option, we may defend or control the defense of any proceeding arising from your use of any Mark under this Agreement

## 6 CONFIDENTIAL INFORMATION

(1) We possess (and will continue to develop and acquire) certain Confidential Information, some of which constitutes trade secrets under applicable law, relating to developing and operating Franchised Businesses and Centers, including

(a) site selection and territorial criteria,

(b) training and operations materials and manuals,

(c) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and managing Centers and providing urgent care and accessible primary care services to patients,

(d) marketing and advertising programs for Centers,

(e) physician and employee recruitment, training, and retention programs,

(f) knowledge of, specifications for, and suppliers of Operating Assets, and other products and services,

(g) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology,

(h) knowledge of the operating results and financial performance of Centers and Franchised Businesses (subject to compliance with HIPAA and other requirements), and

(i) graphic designs and related intellectual property

(2) You acknowledge and agree that you acquire no interest in the Confidential Information by virtue of this Agreement or otherwise, other than the right to use it as we specify in operating the Franchised Business during this Agreement's term, and that the Confidential Information is proprietary and is disclosed to you only on the condition that you agree that you

(a) will not use Confidential Information in any other business or capacity,

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known in the employment and/or health care and/or urgent care industries,

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form, and

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Franchised Business personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information We have the right to regulate the form of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights You are obligated to maintain in your files, those executed confidentiality agreements we specify and make them available to us upon request

(3) Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly, which, at the time we disclosed it to you, already had lawfully become generally known in the health care management and/or urgent care industries through publication or communication by others (without violating an obligation to us), or which, after we disclose it to you, lawfully becomes generally known in the health care management and/or urgent care industries through publication or communication by others (without violating an obligation to us) However, if we include any matter in Confidential Information,

anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled

(4) All ideas, concepts, techniques, or materials relating to a Franchised Business, whether or not protectable intellectual property and whether created by or for you or your employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us To the extent that any item does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing an assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item

## 7 EXCLUSIVE RELATIONSHIP

You acknowledge that we have granted you a franchise in consideration of and in reliance upon your agreement to deal exclusively with us You therefore agree that during this Agreement's term, you and any of your immediate family members who have attended any of our training programs, or have participated in any aspects of the operation or management of the Franchised Business or otherwise may have access to Confidential Information, will not directly or indirectly

(a) own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that an equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph),

(b) be or perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating,

(c) divert or attempt to divert any actual or potential business or customer of the Franchised Business to a Competitive Business, or

(d) engage in any other activity which might injure the goodwill of the Marks or System

You agree to obtain similar covenants from the personnel and persons we specify including your directors, managers and other employees attending our training program or having access to the Confidential Information and immediate family members We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights

## 8 SYSTEM STANDARDS

### 8 1 Condition and Appearance of the Franchised Business

You agree that

(a) You will maintain the condition and appearance of the Franchised Business, its Operating Assets, and the Premises in accordance with System Standards and consistent with the image of a Center as an efficiently operated business offering high quality professional services and products and observing high standards of patient service and care, and providing efficient, courteous service, and will take, without limitation, the following actions during the term of this Agreement (a) repainting, repair,

and refurbishing of the Premises at intervals we prescribe, (b) repair or replacement of damaged, worn out or obsolete Operating Assets, and (c) you may place or display at the Premises only those signs, photographs, artwork, logos, and display and advertising materials that we approve,

(b) If at any time the general state of repair, appearance or cleanliness of the Premises or its Operating Assets does not meet our standards and specifications, we have the right to notify you specifying the action you must take to correct the deficiency You will have ninety (90) days to comply with such notice If you do not initiate action to correct such deficiencies within ninety (90) days after receipt of our notice, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf, and you agree to reimburse us for any expenses we incur in connection therewith, and

(c) On notice from us, you agree, at your expense, to remodel, expand, redecorate, reequip and/or refurbish the Premises and the Franchised Business to reflect changes in the operations of the Center which we prescribe and require of new franchisees

8 2 Franchised Business Services, Specifications, Standards and Procedures

You agree that (1) the Franchised Business will provide all of the management services to the Center and that the Center (and not you or the Franchised Business) will offer medical and patient care services, (2) the Franchised Business will offer and sell approved services and products only in the manner we prescribe, (3) you will not offer for sale or sell at or from the Franchised Business, any services or products we have not approved, (4) we have the right to revoke our approval of services or products to be offered or sold at or from the Franchised Business, and you will discontinue selling and offering for sale any services or products that we revoke or disapprove in writing, and (5) you will be responsible for the PC operating in accordance with the Management Agreement

8 3 Approved Products and Suppliers

We have the right to designate Products as mandatory or optional We reserve the right to approve specifications or suppliers of the Products that meet our reasonable standards and requirements You agree to purchase only such Products meeting those specifications, and if we require it, only from suppliers we have approved, including ourselves

We may concentrate purchases with one or more suppliers to obtain lower prices or advantageous advertising support or services Approval of a supplier may be conditioned on requirements relating to Product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier

All Products you make available at the Center, and all equipment, fixtures, furniture, exterior and interior signs and decorations, uniforms, forms and cleaning and sanitation materials and other supplies and materials used in the operation of the Franchised Business and the Center, must be approved and conform to the specifications and quality standards established by us

At the time the Center opens for business, you will stock the initial inventory of supplies, equipment and materials prescribed by us and/or required by the PC Thereafter, you will stock and maintain all types of supplies, equipment and materials which we prescribe or are required by the PC, in quantities sufficient to meet reasonably anticipated customer demand Additionally, requirements relating to equipment and products to be used in connection with medical services provided to patients by the PC will be subject to the PC's approval

You acknowledge and agree that we may establish one or more preferred vendor programs with one or more nationally or regionally known suppliers who are willing to supply all or some Franchised Businesses with some or all of the Products that we require for use and/or sale in the development and/or management of the Centers In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Products, and/or refuse any of your requests if we believe that this action is in the best interest of the System or the network of Franchised Businesses and Centers We will have unlimited rights to approve or disapprove of the suppliers who may be permitted to sell Products to you

You acknowledge and agree that we will have the right to collect and retain all Allowances offered by suppliers to us based upon your purchases of Products These Allowances may be based on System-wide purchases of Products You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any and all such Allowances without restriction (unless otherwise instructed by the supplier)

8 4 Compliance with Laws, Licensure Regulations, and Good Business Practices

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to the management of urgent care centers, and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, HIPAA, government regulations relating to occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files You must comply with all state and local laws and regulations regarding the staffing and management of an urgent care business All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising The Franchised Business must in all dealings with its clients, suppliers, us, and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct You agree to refrain from any business or advertising practice which may be injurious to the System and the goodwill associated with the Marks and other Franchised Businesses and Centers You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business

8 5 Management of the Franchised Business/Conflicting Interests

You or your Operating Principal must manage and provide general oversight of the Franchised Business on a full-time basis The Center Administrator will be charged with responsibility for direct supervision of the Center Your failure to have the Franchised Business managed on a full-time basis by you or your Operating Principal is a default for which we may terminate this Agreement if such default continues for thirty (30) days after receiving notice from us You must keep us informed at all times of the identity of any supervisory employee(s) acting as Center Administrator The Center Administrator must devote his or her full-time and best efforts to the management and supervision of the Center

If you or your Operating Principal own or control more than one Franchised Business, each Center must be under the direct on-premises supervision of a Center Administrator who meets the minimum qualifications, receive such certification(s), and has completed the training programs that we may require

8 6 Insurance

During the term of this Agreement you must maintain in force at your sole expense comprehensive public liability coverage, general liability insurance, personal injury coverage and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business's operation, all containing the minimum liability coverage we prescribe We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances These insurance policies must name us and any affiliates we designate as additional named insureds and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying of premiums If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance We encourage you to seek advice from an independent risk management provider who may specify higher limits

Additionally, you must purchase such extended reporting period coverage (Tail) as we may specify in the Manual You further agree to provide us with a copy of an insurance certificate evidencing such coverage prior to (i) the expiration of this Agreement (if the franchise rights are not being renewed), (ii) any assignment of this Agreement or of your rights under this Agreement requiring our approval, or (iii) the termination of this Agreement (provided, however, that in the case of immediate termination under Sections 14 1 or 14 2, you must provide us with evidence of coverage within seven (7) days of the effective date of the termination)

8 7 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Franchised Business according to System Standards is essential to preserve the goodwill of the Marks and all Franchised Businesses and Centers Therefore, you agree at all times to operate and maintain the Franchised Business according to all of our System Standards Although we retain the right to establish and periodically modify System Standards, you retain the right to and responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business If you fail to implement, maintain, and/or comply with System Standards, we may terminate your right to operate the Franchised Business, and/or take other actions to enforce the System Standards

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 8 1 through 8 6 above

(a) all management and administrative services provided to the Center or otherwise used in connection with operating the Franchised Business,

(b) staffing levels and service standards for the Franchised Business, identifying the Franchised Business's personnel, and employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions),

(c) sales, marketing, advertising, and promotional programs and materials and media

used in these programs,

(d) use and display of the Marks at the Franchised Business and at the Center, and on signs, contracts, products and supplies,

(e) days and hours of operation,

(f) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils,

(g) accepting credit and debit cards, other payment systems, and check verification services,

(h) participation in, and compliance with, private and government-sponsored insurance and reimbursement programs,

(i) bookkeeping, accounting, data processing, and recordkeeping systems and forms, formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition, and providing us copies of tax returns and other operating and financial information concerning the Franchised Business,

(j) submitting to us all press releases relating to the Center for our prior written approval, and

(k) any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks, Franchised Businesses and Centers

You acknowledge and agree that as part of the System Standards, we have the right to designate Products as mandatory or optional for use in connection with the operation of the Franchised Business, and that you obtain such Products only from suppliers that we approve or designate We may require that you refrain from conducting any direct billing or collections from customers of the Center for the services covered by the Central Billing Services during any such period During any time that Central Billings Services are a mandatory Product, you agree to comply with the designated supplier's terms and procedures for the operation of, and participation in, the Central Billing Services, which may include without limitation the use of electronic fund transfers for monies collected from, and fees due for, Central Billing Services provided to the Franchised Business

You agree that System Standards we prescribe in the Manual, or otherwise communicate to you in writing, are part of this Agreement as if fully set forth within its text All references to this Agreement include all System Standards as periodically modified

8 8 Modification of System Standards

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs You agree to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling the Premises or any other aspect of the Franchised Business, buying new Operating Assets, adding new services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date

## 9 MARKETING

### 9 1 Marketing Contributions and Expenditures

You acknowledge and recognize the value of the System and Marks, the need to develop, enhance, and promote the System and Marks, and the need to advertise and market the System and Centers You also acknowledge and recognize the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, Franchised Businesses and Centers Therefore, you agree to (i) contribute to the Marketing Fund, (ii) make local advertising and marketing expenditures, and (iii) join and make contributions to a Market Cooperative

### 9 2 Marketing Fund

We have established a Marketing Fund (the "Marketing Fund") for the enhancement and protection of the System and Marks, and for the advertising, marketing, and public relations programs and materials

We have the right to use, or direct the use of, the Marketing Fund, and monies in the Marketing Fund, for any purpose that we believe will enhance and protect the System and Marks, will improve and increase public recognition and perception of the System and Marks and Centers, and will improve and enhance the perception of Centers held by franchisees, managers, physicians, and other employees of Franchised Businesses and Centers Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials, creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media, media placement and buying, including all associated expenses and fees, administering, and/or allocating monies of the Marketing Fund for use in regional and multi-regional marketing and advertising programs, market research and customer satisfaction surveys, the creative development of and actual production associated with promotions, public relation events, and charitable or nonprofit events, creative development of signage and posters, employee recognition and awards events and programs, periodic national and regional conventions and meetings, Website, extranet and/or intranet development, implementation, and maintenance, retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees, and public relations and community involvement activities and programs We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation

The Marketing Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for any of our general operating expenses However, we may use the Marketing Fund to pay administrative costs of the Marketing Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Marketing Fund, and we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund We may use the Marketing Fund to pay for other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs

The Marketing Fund will not be our asset Although the Marketing Fund is not a trust, we will hold

all Marketing Fund contributions for the benefit of the System and the contributors, and use contributions only for the purposes described in this Section We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses The statement is available for your review upon written request, ninety (90) days after our fiscal yearend We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate The successor entity will have all of the rights and duties specified in this Section

Although we may use the Marketing Fund, or portions of the monies in the Marketing Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all Franchised Businesses and Centers, we cannot and do not ensure that Marketing Fund expenditures will be made in or affect any specific geographic area, or will be proportionate or equivalent to Marketing Fund contributions by Franchised Businesses operating in that geographic area We do not guarantee or assure that any Franchised Business will benefit directly or in proportion to its Marketing Fund contribution from the brand enhancement activities of the Marketing Fund or the development of advertising and marketing materials or the placement of advertising and marketing

We have the right to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund

We may at any time defer or reduce contributions of a Franchised Business and, upon thirty (30) days' prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund If we terminate the Marketing Fund, we will distribute all unspent monies to our franchisees, and to us, in proportion to their, and our, respective Marketing Fund contributions during the preceding twelve (12) month period

9 3 By You

We will, through your Franchise Business Consultant, work with you to develop an advertising and marketing Plan You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations In addition to your Marketing Fund contribution obligations, you agree to spend, each month, beginning three (3) months after your Grand Opening, at least One Thousand Dollars ($1,000) to advertise and promote your Franchised Business in accordance with your Plan Your monthly expenditure may include the costs to design or develop local marketing programs, subject to our approval You agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we specify If you fail to expend the required minimum amount, then any amounts that you should have expended to reach the $1,000 requirement must be contributed to the Marketing Fund at such times as we specify

You agree to list and advertise the Franchised Business in at least one (1) recommended classified telephone directory distributed within the Territory and to use an approved form of classified telephone directory advertisement If other Centers are located within the directory's distribution area, we may require you to participate in joint, collective, or market-wide advertising, marketing, or promotional campaigns or programs as part of your Plan, and to pay your share of that joint, collective, or market-wide advertising, marketing, or promotional campaigns or programs

Your local advertising and promotion must follow our guidelines, which may include requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate You may not develop, maintain, or authorize, without our prior written approval, any Website that mentions or describes you or the Franchised Business or displays any of the Marks You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe You may use direct advertising only directed to customers located within your Territory We may specify third parties that you must use for the design and development of your local advertising, however, you will be required to pay those third parties directly without any offset to your required local expenditure requirements

9 4 Grand Opening Advertising Program

In addition to and not in lieu of the Marketing Fund contribution and other expenditures for local advertising and promotion, you shall expend a minimum of Twenty Thousand Dollars ($20,000) for grand opening advertising, marketing and promotional programs in conjunction with the initial opening of the Center you manage, pursuant to a grand opening marketing plan developed or approved in writing by us ("Grand Opening Advertising Program") The Grand Opening Advertising Program may commence prior to opening the Center and shall be completed within sixty (60) days after the Center commences operation

9 5 Market Cooperative

We have the right to designate any geographical area for purposes of establishing a market advertising and promotional cooperative fund ("Market Cooperative") If a Market Cooperative for the geographic area in which the Center you manage is located has been established at the time you begin operations hereunder, you must immediately become a member of such Market Cooperative If a Market Cooperative for the geographic area in which the Center you manage is located is established during the term of this Agreement, you must become a member of such Market Cooperative within thirty (30) days after the date on which the Market Cooperative commences operation In no event, will you be required to be a member of more than one (1) Market Cooperative The following provisions will apply to each such Market Cooperative

(a) Each Market Cooperative will be organized and governed in a form and manner, and will begin operation on a date, that we prescribe or approve in writing in advance Unless we specify otherwise, the activities carried on by each Market Cooperative will be decided by a majority of its members The members will also decide upon the amount of contributions required to be paid to the Market Cooperative, which may be determined based on each member's Net Payments, provided that we may provide our recommendations and guidelines Any Center that we operate or manage in the region will have the same voting rights as those owned by our franchisees Each Franchised Business or a Center owned by us will be entitled to cast one (1) vote for each Center

(b) Each Market Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising and promotion

(c) No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without our prior approval

(d) You must submit your required contribution to the Market Cooperative each Wednesday for the previous week We will have the right to require that you submit your payments and reports to the Market Cooperative directly to us for distribution to the Market Cooperative If we incur administrative expenses in support of the Market Cooperative, these expenses may be paid to us from the funds of the Market Cooperative or from a portion of the Advertising Contribution that would be allocated to the Market Cooperative If you are required to contribute to a Market Cooperative, your contributions will be credited toward your requirements to make expenditures for local advertising and promotion

(e) We will have the right to terminate any Market Cooperative A Market Cooperative will not be terminated, however, until all monies in that Market Cooperative have been expended for advertising and/or promotional purposes

9 6 Approvals

For all proposed advertising, marketing, and promotional plans, you will submit samples of such plans and materials to us, for our review and prior written approval (except with respect to prices to be charged by you) If you do not receive our written approval within ten (10) days of the date of receipt by us of such samples or materials, they will be deemed to have not been approved You acknowledge and agree that any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision

9 7 Websites

In furtherance of our policies regarding Websites and the presence of the "AMERICAN FAMILY CARE" brand on the Internet, we have the right to establish, maintain, and modify one or more Websites that identify the "AMERICAN FAMILY CARE" brand, system, and businesses that operates under our Marks Currently, we intend to establish web pages on one website that identify individual Franchised Businesses and Centers, and one such webpage shall specifically identify your Franchised Business You shall have the right to promote your Franchised Business using this webpage, and to utilize and modify this webpage, provided that you comply with our Website and Internet policies and System Standards Our website strategy, which we have the right to change, includes utilizing our website and various web pages for press releases, brand marketing, promotion, and dissemination of other information related to the Franchised Businesses and Centers

## 10 RECORDS, REPORTS, AND FINANCIAL STATEMENTS

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe We require you to use a Computer System to maintain certain sales data and other information You agree to prepare, and if requested by us, to provide to us, in the manner and format that we prescribe

(a) a report on the Franchised Business's Net Payments and a monthly operating report and/or income statement with business and operating statistics of the type and in the form and manner that we specify,

(b) quarterly profit and loss and source and use of funds statements and a balance sheet

for the Franchised Business as of the end of the prior calendar quarter, and

(c) within ninety (90) days after the end of each calendar year, the operating statements, financial statements, statistical reports, and other information we request regarding you and the Franchised Business covering the previous calendar year,

(d) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the Franchised Business

You agree to verify and sign each report and financial statement in the manner we prescribe We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly Moreover, we may, as often as we deem appropriate, access the Computer System and retrieve all information relating to the Franchised Business's operation

If you have been in default of any financial or reporting obligation under this Agreement, more than twice during the term of this Agreement, we reserve the right to require that you prepare, and provide us, audited financial statements on an annual basis In addition, you must provide us with audited financial statements in the event you prepare them for any other purpose

You agree to preserve and maintain all records in a secure location at the Franchised Business for at least seven (7) years (including, but not limited to, billings, purchase orders, invoices, payroll records, customer, patient and client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers)

## 11 INSPECTIONS AND AUDITS

### 11 1 Our Right to Inspect the Franchised Business

We and our designated agents or representatives may at any time and without prior notice to you (1) inspect and observe the operation of the Franchised Business, (2) interview the Franchised Business's personnel, and (3) inspect and copy any books, records, and documents relating to the Franchised Business's operation You agree to cooperate with us fully If we exercise any of these rights, we will not interfere with the Franchised Business's operation

### 11 2 Our Right to Audit

We may, with ten (10) days' notice, examine the business, bookkeeping, and accounting records, sales and income tax records and returns, and other records of the Franchised Business You agree to cooperate fully with us, our representatives, accountants, auditors, representatives, and/or contractors in any examination We may conduct our audit or examination at our location or the location of our representative, accountant, auditor, or contractor If any examination discloses an understatement of the Franchised Business's Net Payments, you agree to pay us, within ten (10) days after receiving the examination report, the Royalty and Marketing Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Net Payments exceeding five percent (5%) of the amount that you actually reported to us for the period examined, then (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants, and

the travel expenses, room and board, and compensation of our employees, and (b) we may require you to provide us with periodic audited statements These remedies are in addition to any other remedies and rights provided us under this Agreement and applicable law

## 12 TRANSFER

### 12 1 By Us

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go You represent that you have not signed this Agreement in reliance on any particular member, officer, or employee remaining with us in that capacity We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement

### 12 2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and that we have granted you the Franchise in reliance upon our perceptions of your individual or collective character, skill, aptitude, attitude, business ability, and financial capacity Accordingly, none of the following may be transferred without our prior written approval (i) this Agreement (or any interest in this Agreement), (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses or capital appreciation related to the Franchised Business), (iii) your lease, (iv) substantially all of the assets of the Franchised Business, (v) any ownership interest in you (regardless of its size), or (vi) any ownership interest in any of your owners A transfer of the Franchised Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement Any transfer without our approval is a breach of this Agreement and has no effect

In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition An assignment, sale, gift, or other disposition includes the following events

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest,

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest,

(c) any sale of a security convertible to an ownership interest,

(d) transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law, or

(e) if you or one of your owners dies, a transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession

### 12 3 Conditions for Approval of Transfer

If you are in full compliance with this Agreement, then we will approve a transfer that meets all of

the requirements in this Section

If you are an Entity, your owners may transfer a non-controlling ownership interest in you (determined as of the date on which the proposed transfer will occur) if (1) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) meet our then applicable standards for Franchised Business franchisees, and (2) you give us prior written notice of the transfer

For any other proposed transfer, all of the following conditions must be met before or concurrently with the effective date of the transfer

(a) The transferee has sufficient business experience, aptitude, and financial resources to operate the Franchised Business,

(b) You have paid all Royalties and Marketing Fund contributions, and other amounts owed to us and third party vendors (other than amounts payable to third party vendors that are the subject of a good faith dispute with such vendor), have submitted all required reports and statements, and are not in violation of this Agreement at the time of transfer,

(c) (a) You have corrected any existing deficiencies of the Franchised Business of which we have notified you in writing or by electronic communications, and/or (b) the transferee agrees to upgrade and refurbish the Franchised Business in accordance with our then current requirements and specifications for Franchised Businesses and Centers within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken),

(d) Neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business,

(e) The transferee satisfactorily completes our training program at the then-current training cost,

(f) Your landlord allows you to transfer the lease or sublease the Premises to the transferee,

(g) The transferee must sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from those contained in this Agreement, provided, however, that the term of the new franchise agreement signed will be the remaining term on this Agreement,

(h) You or the transferee pays us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee charged to a franchisee who is new to the System, however, the transfer fee will be waived if the transferee (a) is an entity controlled by you, or (b) has obtained the Franchised Business as a result of your death or disability,

(i) You (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our members, officers, directors, employees, and agents,

(j) If you finance any part of the purchase price, you agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Marketing Fund contributions, and other amounts due to us and third party vendors and otherwise to comply with this Agreement,

(k) You will not, for two (2) years beginning on the effective date of the transfer, engage in any of the activities prescribed in Section 15 4 , and

(l) You will not directly or indirectly at any time or in any manner (except as we may otherwise approve, and except with respect to other Centers you own and manage or as required by law, or as necessary to accurately respond to any inquiry, regarding your business operations prior to the expiration or termination) identify yourself or any business as a current or former Center or as one of our franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Center in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us

We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Franchised Business

12 4 Transfer to a Wholly-Owned Corporation or Limited Liability Company

If you are in full compliance with this Agreement, and other agreements with us and suppliers, after providing us with written notice, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Franchised Business and, if applicable, other Franchised Businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Business's assets are owned, and the Franchised Business's business is conducted, only by that single corporation or limited liability company The corporation or limited liability company must expressly assume all of your obligations under this Agreement Transfers of ownership interests in the corporation or Limited Liability Company are subject to Section 12 3 above You agree to remain personally liable under this Agreement

12 5 Your Death or Disability

(a) Transfer Upon Death or Disability Upon your or your Operating Principal's death or disability, your, or the Operating Principal's, executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Operating Principal's ownership interest in you, to a third party (which may be your, or the Operating Principal's, heirs, beneficiaries, or devisees) That transfer must be completed within a reasonable time, not to exceed twelve (12) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12 A failure to transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period is a breach of this Agreement

(b) Operation Upon Death or Disability Upon your or the Operating Principal's death or disability, your, or the Operating Principal's, executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a manager The manager at your estate's expense must complete our standard training program A new Operating Principal acceptable to us also must be appointed for the Franchised Business, and that new Operating Principal must complete our standard training program, within ninety (90) days after the date of your death or disability

12 6 Our Right of First Refusal

Any party holding any interest in you, your entity, or this Agreement and who desires to accept any bona fide offer to purchase his, her or its interest in the Franchised Business from a third party, shall notify

us in writing of each such offer, and we will have the right and option, exercisable within thirty (30) after receipt of such written notification, to send written notice to the seller of our or our nominee's intent to purchase your interest on the same terms and conditions offered by the third party Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us or our nominee as in the case of an initial offer Our failure to exercise the option afforded by the Section 12 6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 12, with respect to a proposed transfer If you do not make the proposed transfer within ninety (90) days from the date on which you notified us of the offer, then you will again extend this right of first refusal to us before making any transfer or assignment Any transfer or attempted transfer without giving us this right of first refusal will be null and void Notwithstanding this Section 12 6 or any other provision of this Agreement, our right of first refusal shall not apply to a transfer of an interest constituting less than one hundred percent (100%) of the Franchised Business

12 7 Effect of Consent to Transfer

Our consent to a transfer of this Agreement and the Franchised Business, or any interest in you, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Franchised Business's or transferee's prospects of success, or a waiver of any claims we have against you or of our right to demand the transferee's full compliance with this Agreement

## 13 EXPIRATION OF THIS AGREEMENT, RENEWAL

You may renew this franchise for four (4) additional periods of five (5) years each, provided that

(1) You have given us written notice of such election to renew not less than one hundred eighty (180) days, nor more than two hundred seventy (270) days, prior to the end of the then-current term, provided, however, if you fail to provide such notice and otherwise are in compliance with this Section 13, then at our option this Agreement shall renew for the then-current renewal term,

(2) You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and us, and have substantially complied with all the terms and conditions of such agreements during the terms thereof,

(3) You have satisfied all monetary obligations owed by you to us and have timely met these obligations throughout the terms of this Agreement,

(4) You shall execute upon renewal our then-current form of Franchise Agreement, which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms from this Agreement,

(5) You shall sign a general release, in the form we require, of any and all claims against us, our parent, and ours and their respective members, shareholders, officers, directors, agents and employees,

(6) You shall comply with our then-current qualification and training requirements,

(7) You maintain your right to use the Premises or secure substitute premises we approve, and

(8) You make such modifications and improvements to the Franchised Business to bring it into compliance with applicable System Standards for new Centers

## 14 TERMINATION OF AGREEMENT

### 14 1 Automatic Termination

You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you, or if you are adjudicated a bankrupt or insolvent, or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed), or if you are dissolved, or if execution is levied against your business or property, or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days, or if the real or personal property of your Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable

### 14 2 Termination Upon Notice Without Opportunity to Cure

You shall be deemed to be in default and we may terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the delivery of written notice to you by us, upon the occurrence of any of the following events

(a) you have made or make any material misrepresentation or omission in your application for, or in acquiring, the franchise rights, or in operating the Franchised Business,

(b) you make or attempt to make any transfer in violation of Section 12,

(c) you fail to maintain any required licenses, permits, or certifications to open or operate the Franchised Business, or fail to comply with any federal, state, or local law or regulation, or you operate the Franchised Business in an unsafe manner, and you do not cure or commence to cure this failure within five (5) days after you receive notice,

(d) you or any of your employees fail to meet the state and local certifications or other requirements for operation and/or employment in an urgent care management business, or the PC fails to meet state and local certifications or other requirements for the operation or employment of physicians and other professionals in an urgent care center, and you fail to cure this default within ten (10) days after you receive notice, or, alternatively, you fail to prohibit any such employees from working in the Franchised Business until the requirements are met,

(e) you are or have been convicted of, or plead or have pleaded no contest to, a felony,

(f) you engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Franchised Business's reputation or the goodwill associated with the Marks,

(g) you knowingly make any unauthorized use or disclosure of any part of the Manual or any other Confidential Information,

(h) you interfere with our relationships with third parties and the ability to operate and/or grant franchises under our System,

(i) you fail to maintain the insurance we require or you fail to repay us for the insurance that we have paid on your behalf and you do not correct the failure within thirty (30) days after we deliver written notice of that failure to you,

(j) you fail to pay us any amounts due and do not correct the failure within five (5) days after we deliver written notice of that failure to you, or immediately if payment has not been made within thirty (30) days of its due date,

(k) you understate the Franchised Business's Net Payments for any period by five percent (5%) or more three (3) times or more during the term, or by more than ten percent (10%) on any one occasion,

(l) you (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement for which we notified you of the failures, whether or not you correct the failures after our delivery of notice to you, or (b) fail on two (2) or more separate occasions within any eighteen (18) consecutive month period to comply with the same obligation under this Agreement, for which we notified you of the failures, whether or not you correct the failures after our delivery of notice to you,

(m) your assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you otherwise violate any such law, ordinance, or regulation,

(n) you are in default of any other agreement with us, and you have failed to cure the default within the time period, if any, provided for such cure under such agreement(s), or

(o) you abandon or fail actively to operate the Franchised Business for three (3) or more consecutive business days, unless you close the Franchised Business for a purpose we approve or because of casualty or government order

14 3 Termination With Opportunity to Cure

Except as otherwise provided in Sections 14 1 and 14 2 above, any other default by you of your obligations hereunder, including those identified below, upon written notice from us, you will have thirty (30) days to cure such default If any such default is not cured within the specified time, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require The following is a non-exclusive list of illustrative events of default for which you may have an opportunity to cure the default to avoid termination

(a) you do not open the Franchised Business for business within the time period prescribed in Section 2 5,

(b) you (or your Operating Principal) do not satisfactorily complete the initial training program after we provide a second opportunity,

(c) you misuse our Marks, or use our Marks at any other location owned or operated by you without our authorization,

(d) you make any unauthorized use of our proprietary software,

(e) you fail to operate the Franchised Business during the days and hours specified in the Manual without our prior approval, which we will not unreasonably withhold,

(f) you fail to operate the Franchised Business from the Premises or any substitute premises approved by us,

(g) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Franchised Business's operation, unless you are in good faith contesting your liability for these taxes,

(h) you fail to promptly pay your suppliers, including any of our affiliates, when such payments are due, except in connection with a good faith dispute that you have with third-party suppliers,

(i) you do not hire and/or retain a Marketing Representative, including all training and certification requirements applicable to the Marketing Representative, or

(j) you fail to comply with any other provision of this Agreement, the Manual, or any System Standard

14 4 Extended Notice of Termination

If any law applicable to this Section 14, or Section 13 above, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to renew the franchise agreement, than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement

14 5 Remedies other than Termination

If you commit any act, or any other event occurs, which constitutes grounds for termination of this Agreement by us under any provision of this Agreement, we may instead elect to reduce your Territory or terminate your territorial protection or impose monetary sanctions as set forth in the Manual Such actions will take effect immediately upon written notice to you by us Our election of any of these remedies will not preclude us from invoking our right to terminate if the act or event constituting grounds for termination continues to exist

## 15 OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

15 1 Payment of Amounts Owed to Us

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, the Royalties, Marketing Fund contributions, interest, and all other amounts owed to us which then are unpaid

15 2 Marks

When this Agreement expires, or is terminated

(a) you may not directly or indirectly at any time or in any manner (except as we may otherwise approve, and except with respect to other Centers you own and manage or as required by law, or as necessary to accurately respond to any inquiry, or as required by law, regarding your business operations prior to the expiration or termination) identify yourself or any business as a current or former Center or as one of our current or former franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Franchised Business or Center in any manner or for any purpose, or use for any purpose any trade

name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us,

(b) you agree to take the action required to cancel all fictitious or assumed names or equivalent registrations relating to your use of the Marks,

(c) you agree to deliver to us within thirty (30) days all signage, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Franchised Business or Center that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from the Franchised Business,

(d) if we do not have or do not exercise an option to purchase the assets of the Franchised Business, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish the Franchised Business and the Premises clearly from its former appearance and from other Franchised Businesses and Centers in order to prevent public confusion,

(e) you agree to notify the telephone company, all telephone directory publishers, and all domain name registries and internet service providers of the termination or expiration of your right to use any telephone, facsimile, URLs and domain names, or other numbers, names, and telephone directory listings associated with the Marks, to authorize the transfer of these numbers, names, and directory listings to us or at our direction, and/or to instruct the telephone company, domain name registries, and Internet service providers to forward all calls, e-mails and electronic communications made to your names, numbers, or addresses to names, numbers, or addresses we specify If you fail to do so, we may take whatever action and sign whatever documents as are necessary or appropriate on your behalf to affect these events, and

(f) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations

15 3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the client and patient lists, all copies of the Manual and any other confidential materials that we have loaned you

15 4 Covenant Not to Compete

Upon termination or expiration of this Agreement you agree that, for two (2) years beginning on the later to occur of (i) the effective date of termination or expiration, or (ii) the date on which all persons restricted by this Section 15 4 begin to comply with this Section 15 4, or (iii) if litigation is necessary to enforce this Agreement, the date of entry of an order by a court of competent jurisdiction enforcing this Agreement you, and your immediate family members, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, manager, employee, consultant, representative, or agent in any Competitive Business, that is or may be located or operating

(a) at the Premises,

(b) within the Territory,

(c) within five (5) miles of the border of the Territory, or

(d) within the territory, area, or market area of any other Franchised Business or Center in operation or under construction on the latter of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section begin to comply with this Section

In addition, during the two (2) year period referred to above, you may not solicit any of our employees, employees of any other then-operating Center, or any client or patient of any Center on behalf of any Competitive Business that is or may be located, or is or may have a business located, or services any customer, client, or person in any of the areas described in subclauses (a), (b), or (c) above

Equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 15 4

These restrictions also apply after transfers, as provided in Section 12 above If any person restricted by this Section refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living

15 5 Our Right to Purchase Certain Assets of the Franchised Business

Upon termination or expiration of this Agreement, we will have the right and option, but not the obligation, to purchase any and all of your assets from the Franchised Business at a purchase price equal to their fair market value If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement We will have the right to inspect any equipment at any time prior to or during this thirty-day period If we elect to purchase the equipment, we will be entitled to, and you must provide, all customary warranties and representations relating to the equipment purchase, including, without limitation, representations and warranties as to the maintenance, function and condition of the equipment and your good title to the equipment (including that you own the equipment free and clear of any liens and encumbrances) If we and you cannot agree on fair market value, fair market value will be determined by three (3) independent accredited appraisers with experience in commercial real estate You and we will each select one (1) appraiser, and one (1) will be selected by mutual agreement of the other two (2) appraisers The appraisers will conduct an appraisal in accordance with this Section You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we wish to exercise our purchase option You and we will share equally the appraisers' fees and expenses The appraisers must complete their appraisals within thirty (30) days after their appointment The purchase price will be the average of the three (3) appraised values If the two appraisers cannot agree on the third appraiser, one will be chosen by the American Arbitration Association

15 6 Continuing Obligations

All of our and your obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire

## 16 RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

### 16 1 Independent Contractors

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel, and others as the Franchised Business's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require

### 16 2 No Liability for Acts of Other Party

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than that of franchisor and franchisee We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation or the business you conduct under this Agreement

### 16 3 Taxes

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Franchised Business You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us

### 16 4 Indemnification

You agree to indemnify, defend, and hold harmless the Indemnified Parties against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Franchised Business's operation and/or any operations of the Center you manage, the business you conduct under this Agreement, or your breach of this Agreement, unless the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court of competent jurisdiction

Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions We have the right to designate attorneys that you must retain to defend any claims subject to this indemnification provision This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination

An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph

## 17 ENFORCEMENT

### 17 1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and

provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portion of this Agreement, which will continue to have full force and effect and bind the parties

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to renew your franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety You agree to be bound by any promise or covenant imposing the maximum duty the law permits

17 2 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms, our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard, our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Franchised Businesses and Centers, the existence of franchise agreements for other Franchised Businesses which contain provisions different from those contained in this Agreement, or our acceptance of any payments due from you after any breach of this Agreement No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction We are authorized to remove any legend or endorsement, which then will have no effect

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government, (2) acts of God, (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot, or (4) any other similar event or cause Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Marketing Fund contributions due afterward

17 3 Costs and Attorneys' Fees

If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys' and related fees

17 4 Rights of Parties are Cumulative

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce

17 5 Mediation and Arbitration

17 5 1 Mediation

Before you and we may bring an action in court or arbitration, you and we must first meet to mediate the dispute Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes) The parties may mutually agree on a mediator and/or procedures and/or venue for mediation This Section 17 5 shall not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for money owed, or from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation, including, without limitation, claims involving the Marks

Mediation shall be commenced by the party requesting mediation (the "complainant") providing written notice of the request for mediation to the party with whom mediation is sought (the "respondent") The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought

Mediation commenced under this Section shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever The parties shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service

17 5 2 Arbitration

Except as specifically otherwise provided in this Agreement, and any action brought by us under the Lanham Act suits in equity to enforce the covenants herein, the parties agree that any and all disputes between them, and any claim by either party that cannot be amicably settled through mediation, shall be determined solely and exclusively by arbitration in Jefferson County, Alabama, in accordance with the then prevailing Commercial Rules of the American Arbitration Association

The parties will select one (1) arbitrator from a panel of neutral arbitrators provided by the American Arbitration Association and this arbitrator is chosen by the striking method The parties will each

bear all of their own costs of arbitration, however, the fees of the arbitrator shall be divided equally between the parties The arbitrator will have no authority to amend or modify the terms of this Agreement The award or decision by the arbitrator is final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place

17 6 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq ), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Alabama, without regard to its conflict of laws rules

17 7 Consent to Jurisdiction

You agree that all actions arising under this Agreement, involving or in violation of the Lanham Act and to enforce the covenants set forth herein, must be commenced in a state or federal court in Jefferson County, Alabama, and you irrevocably submit to the jurisdiction of that court and waive any objection you might have to either the jurisdiction of or venue in that court Nonetheless, you agree that we may commence such actions in the courts of the state or states in which you are domiciled or the Franchised Business is located

17 8 Waiver of Punitive Damages and Jury Trial

**EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS**

**WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US**

17 9 Binding Effect

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest Subject to our right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers

17 10 Limitations of Claims

**ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, TO THE RELATIONSHIP OF YOU AND US, OR YOUR OPERATION OF THE FRANCHISED BUSINESS (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS, (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE**

**FACTS GIVING RISE TO AN ALLEGED CLAIM, OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM, OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED OUR CLAIMS ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF ANY PARTY FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS**

17 11 Our Discretion and Judgment

Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, which includes what we believe to be the best interests of the franchise network at the time our decision is made or our right or discretion is exercised even though (1) there may have been other alternative decisions or actions that could have been taken, (2) our decision or the action taken promotes our financial or other individual interest, or (3) our decision or the action we take may apply differently to different franchisees or our company-owned or affiliate-owned operations In the absence of an applicable statute, we will have no liability to you for any such decision or action We and you intend that the exercise of our right or discretion will not be subject to limitation or review

If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder

17 12 Construction

The preambles and exhibits are a part of this Agreement, and this Agreement and the exhibits and attachments hereto, constitute the entire, full and complete agreement between the parties hereto, and supersede any and all prior or contemporaneous negotiations, discussions, representations, understandings and agreements However, nothing in this Franchise Agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document that we furnished to you

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our members, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law

This Agreement may be executed in multiple copies, each of which will be deemed an original

## 18 NOTICES AND PAYMENTS

All written notices, reports, and payments (for payments, if any, that are not made electronically) permitted or required to be delivered by this Agreement or the Manual shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service (e g , UPS, FedEx, etc ), or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on Exhibit A of this Agreement, unless and until a different address has been designated by written notice to the other party Any notice by a means which affords the

sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery

## 19 COMPLIANCE WITH ANTI-TERRORISM LAWS

You agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws In connection with that compliance, you certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you otherwise are not in violation of, any of the Anti-Terrorism Laws "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war Any violation of the Anti-Terrorism Laws by you, or any blocking of your assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement

## 20 ACKNOWLEDGMENTS

You acknowledge

(a) That you have independently investigated the Franchised Business franchise opportunity and recognize that, like any other business, the nature of the business a Center may, and probably will, evolve and change over time

(b) That an investment in a Franchised Business involves business risks that could result in the loss of a significant portion or all of your investment

(c) That your business abilities and efforts are vital to your success

(d) That attracting customers for the Center you manage will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display materials

(e) That you must maintain a high level of customer service, and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards

(f) That you have not received from us or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Franchised Business, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Franchised Business

(g) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us

(h) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete to the best of your knowledge and diligence in gathering required information and that you have made no misrepresentations or material omissions in obtaining the rights under this Franchise Agreement

(i) That you have read this Agreement and our Franchise Disclosure Document and

understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Franchised Business, and to protect and preserve the goodwill of the Marks

(j) That we have not made any representation, warranty, or other claim regarding this Franchised Business franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement

(k) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Franchised Business franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests

(l) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so

(m) That we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement

(n) That notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

**EXHIBIT A**
**TO THE FRANCHISE AGREEMENT**

**TERRITORY, INITIAL FEE AND ROYALTY**

1 The Premises of the Franchised Business will be located at

_____
_____
_____

2 The Territory shall be

_____
_____
_____
_____ (as depicted on the map attached to this Exhibit A)

3 The Initial Term of this Franchise Agreement will expire on _____ (which date will be 15 years after Opening Date)

4 The initial franchise fee shall be Fifty-Five Thousand Dollars ($55,000)

5 The Royalty shall be calculated on a weekly basis, according to the weekly accounting and reporting periods established by the Franchisor The Royalty fee shall be 6% of the Net Payments of the Franchised Business for each period *

> * In the event that federal, state or local law or regulations, or state or professional licensing or regulatory rules prohibit you from paying the Royalty fee as a percentage of Net Payments of the Franchised Business, you and we will restructure the Royalty to a weekly fixed fee that will provide an equivalent economic compensation, and such fixed fee shall be modified annually (either greater or lesser), by January 31 of each year, to reflect changes in the revenue derived from the Franchised Business

6 The designated address for notices under Section 18 of the Agreement should be as follows

Notices to Franchisor

3700 Cahaba Beach Road
Birmingham, Alabama 35242
Telecopy No (205) 421-2069
Attn Scott Hoots
Email shoots@afcurgentcare com

with a copy to
(which shall not constitute notice to Franchisor)
William D Hasty, Jr , P C
2090 Columbiana Road, Suite 2000
Birmingham, Alabama 35216
Telecopy No (205) 979-1151
Attn William D Hasty, Jr
Email bill@billhastylaw com

Notices to Franchisee

_____
_____
Telephone _____
Fax _____
Attn _____

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

**EXHIBIT B**
**TO THE FRANCHISE AGREEMENT**

**SITE SELECTION ADDENDUM**

AFC Franchising, LLC ("**we**" or "**us**") and _____ ("**you**") have this ____ day of _____, 20___ (the "Effective Date") entered into a Franchise Agreement ("**Franchise Agreement**") and desire to supplement its terms as set out below in this Site Selection Addendum (the "**Addendum**") The parties hereto agree as follows

**AGREEMENT**

1 **Time to Locate Site** Within two hundred seventy (270) days after the Effective Date (the "**Search Period**"), you must acquire or lease/sublease, at your expense, commercial real estate that is properly zoned for the use of the business to be conducted by you under the Franchise Agreement (a "**Franchised Business**") at a site that we approve as hereinafter provided Such location must be within the following area _____ _____ (the "**Site Selection Area**") The Site Selection Area is described solely for the purpose of selecting a site for the Franchised Business The Site Selection Area does not grant you any exclusive territorial rights, and we may establish, or franchise others to establish, a Franchised Business and Center operating under the System within the Site Selection Area during the Search Period You acknowledge and agree that we will have no responsibility for, or liability to you for, any site review, analysis, evaluation, or recommendation undertaken by or on behalf of any real estate broker or advisor used or retained by you, even if such broker or advisor was approved or recommended by us If you fail to acquire or lease a site for the Franchised Business within the Search Period, such failure will constitute a default under Section 14 2 of the Franchise Agreement and under this Addendum, and we have the right to terminate the Franchise Agreement and this Addendum

2 **Site Evaluation Services** We or our designee will assist you in your location selection process by providing you with our location guidelines and criteria, and sources to obtain demographic information related to the Territory Our advice and information may include a demographic analysis of the proposed Territory and possible locations, competitive urgent care centers in the potential market or area, existing Centers and their proximity to the potential Territory, and other data We will provide you with certain recommended or required specifications for your location If we have completed any research on the market area that you are considering, we will provide you with it for information and background purposes only You should verify all information provided We or our designee will perform any on-site evaluation as we may deem advisable in response to your requests for site approval, provided, however, that we are not be required to provide on-site evaluation for any proposed site We may require that you retain, at your expense, the services of a designated vendor who will assist in the site selection process, and who will work with you in negotiating the lease for the premises

3 **Site Selection Package Submission and Approval** You must submit to us, in the form we specify, a site selection package which must include a copy of the site plan, financial information, and such other information or materials as we may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site You acknowledge that time is of the essence We will have thirty (30) days after our receipt from you of a complete site selection package and request for approval, and such information and materials as we may request, to approve or disapprove the proposed site as the location for the Franchised Business In the event we do not approve a proposed site by written notice to you within said thirty (30) days, such site will be deemed disapproved by us

4 **Lease Responsibilities** You must execute a lease which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site

5 **Approved Location** After the location for the Franchised Business is approved by us and leased or acquired by you, the location shall constitute the Premises The Premises will be specified on Exhibit A to the Franchise Agreement, and shall become a part the Franchise Agreement The Territory will be the geographic area thereafter described in Exhibit A to the Franchise Agreement, and will become a part of the Franchise Agreement You acknowledge and agree that, if we recommend or give you information regarding the Territory, or a site for the Premises, and if we approve a location, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the location's suitability for a Center, a Franchised Business, or any other purpose Our recommendation indicates only that we believe that the location meets our then-acceptable criteria Applying criteria that have appeared effective with other locations and premises might not accurately reflect the potential for all locations and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a location and premises The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a location and premises we recommend or approve fail to meet your expectations You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the Territory and the location You acknowledge and agree that our location selection assistance is primarily for our benefit and not for your benefit

6 **Entire Agreement** This Addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof All capitalized terms not otherwise defined herein will have the same meaning as set forth in the Franchise Agreement Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed

[Signatures on following page ]

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

**EXHIBIT C**
**TO THE FRANCHISE AGREEMENT**

**LISTING OF OWNERSHIP INTERESTS**

Effective Date This Exhibit C is current and complete as of _____, 201__

You and Your Owners

1 Form of Owner

(a) Individual Proprietorship Your owner(s) (is) (are) as follows

_____

_____

_____

(b) Corporation, Limited Liability Company, or Partnership You were incorporated or formed on _____, under the laws of the State of _____ You have not conducted business under any name other than your corporate, limited liability company, or partnership name and _____ _____ The following is a list of your directors, if applicable, and officers as of the effective date shown above

| Name of Each Director/Officer | Position(s) Held |
|---|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

2 Owners The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary)

| | Owner's Name | Percentage/Description of Interest |
|---|---|---|
| (a) | _____ | _____ |
| (b) | _____ | _____ |
| (c) | _____ | _____ |
| (d) | _____ | _____ |

3 Identification of Operating Principal Your Operating Principal as of the Effective Date is _____ (must be one of the

individuals listed in paragraph 2 above) You may not change the Operating Principal without our prior written approval

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

**EXHIBIT D**
**TO THE FRANCHISE AGREEMENT**

**EDTA FORM**

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

_____ (Name of Person or Legal Entity)

_____(ID Number)

The undersigned depositor ("**Depositor**") ("**Franchisee**") hereby authorizes AFC FRANCHISING, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") ("**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions

| | |
|---|---|
| _____ | _____ |
| Depository | Branch |
| _____ | _____ _____ |
| City | State Zip Code |
| _____ | _____ |
| Bank Transit/ABA Number | Account Number |

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination

| | |
|---|---|
| _____ | _____ |
| Depositor | Depository |
| By _____ | By _____ |
| Name _____ | Name _____ |
| Title _____ | Title _____ |
| Date _____ | Date _____ |

**EXHIBIT E**
**TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this _____ day of ___ _____, 201 __, by _____
_____
_____
_____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by AFC FRANCHISING, LLC ("us," "we," or "our"), the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements, provided, however, that this guaranty to pay monetary obligations arising under the Agreement shall be limited to royalty fees, software fees, marketing fees, other periodic fees and payments owed to us, and any claims under the indemnification provisions of the Agreement (including, without limitation, Section 16 4), and any judgments or claims that are reduced to monetary claims

The undersigned consents and agrees that (1) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so, (2) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person, (3) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners, and (4) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers, provided, however, that in the event of a complete and total transfer of all assets and ownership interests in Franchisee and in the Franchised Business, such that a Guarantor has no ownership interest in Franchisee or the Franchised Business ("Transfer"), this Guaranty shall terminate as of the date of the Transfer with respect to any obligations that arise as of or after the Transfer

The undersigned waives (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur

The undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise, must be commenced in a state or federal court of competent jurisdiction in the state or judicial district in which we have our principal place of business at the time the action is commenced, and the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts Nonetheless, the undersigned agrees that we may enforce this Guaranty and judgment orders in the courts of the state or states in which he or she is domiciled

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed

**GUARANTOR**

_____ _____

# EXHIBIT A-1

# AREA DEVELOPMENT AGREEMENT

# AREA DEVELOPMENT AGREEMENT

# AFC FRANCHISING, LLC

Edition Date February 25, 2017


©February 2017

## TABLE OF CONTENTS


| | | Page No |
|---|---|---|
| I | GRANT | 2 |
| II | DEVELOPMENT FEE | 2 |
| III | DEVELOPMENT SCHEDULE | 2 |
| IV | TERM | 3 |
| V | DEFAULT | 3 |
| VII | TRANSFERABILITY | 4 |
| VIII | COVENANTS | 4 |
| IX | NOTICES | 4 |
| X | INDEPENDENT CONTRACTOR AND INDEMNIFICATION | 5 |
| X | NON-WAIVER | 5 |
| XI | SEVERABILITY AND CONSTRUCTION | 5 |
| XII | ENTIRE AGREEMENT-APPLICABLE LAW | 6 |
| XIII | DISCLAIMER | 6 |
| XIV | ARBITRATION | 6 |
| XV | FORCE MAJEURE | 7 |
| | GUARANTY AND ASSUMPTION OF OBLIGATIONS | 8 |

EXHIBIT A – Development Schedule

# AFC FRANCHISING, LLC
# AMERICAN FAMILY CARE
# AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is entered into this _____ day of _____, 20____, by and between AFC Franchising, LLC, an Alabama limited liability company, with your principal place of business in Hoover, Alabama (hereinafter referred to as "we," "us," or "our"), and _____ (hereinafter referred to as "you" or "your")

## WITNESSETH

We and our predecessors, as a result of the expenditure of time, skill, and effort have developed (and continue to develop and modify) an urgent care center management system ("System") relating to the management of urgent and/or accessible primary care centers that provide, through independent physicians and professionally licensed persons or entities, various levels of patient care services, all of which are provided by a physician, or medical personnel supervised by a physician, which include, without limitation, minor injuries, infections, workers compensation injuries, sports physicals, travel medicine, and colds and flu, and each center will be equipped with several exam rooms, X-Ray Equipment, on-site laboratory, and where permitted by law a pharmacy dispensing the most common urgent care medicine As used herein urgent care also includes accessible primary care

The urgent care centers in the System operate under the "AFC and Design" and "AMERICAN FAMILY CARE" name and Marks and will be managed according to the System The System has characteristics that currently include providing site selection assistance, construction design, approved supplier relationships for medical and other equipment, supplies, furniture and fixtures, procedures for monitoring operations and quality of services offered, procedures for management, training and assistance, advertising and promotional programs, business formats, methods, procedures, standards, and specifications all of which we may change, improve, and further develop

We use, promote, and license certain trademarks, service marks, and other commercial symbols including the marks "AFC and Design" and "AMERICAN FAMILY CARE" in managing Centers, which have gained and will continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols for Centers

We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, an Area Development Agreement to develop businesses that will manage Centers using our System and Marks

You have applied to us for the right to use the System Your application has been approved by us in reliance upon all of the representations made in your application including those concerning your financial resources and the manner in which a Franchised Business will be owned and operated You acknowledge that you have read this Agreement and been given an opportunity to obtain clarification of any provision that you did not understand You also understand and agree that the terms and conditions contained in this Agreement are necessary to maintain the System's high standards of quality and service and the uniformity of those standards at all Centers and thereby agree to protect and preserve the goodwill of the Marks, and you must comply with this Agreement and all System Standards in order to maintain the high and consistent quality that is critical for Centers

NOW, THEREFORE, the parties, in consideration of the premises and the covenants, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows

## I GRANT

A We hereby grant to you, pursuant to the terms and conditions of this Area Development Agreement, the exclusive right to develop _____ (__) Franchised Businesses to operate Centers (herein "Franchise(s)") within the territory set forth in Exhibit A (the "Development Area")

B Except as otherwise provided in this Agreement, we will not establish, or license anyone other than you the right to establish, a Franchise in the Development Area prior to the termination of this Area Development Agreement

C This Agreement is not a Franchise Agreement, and you shall have no right to use in any manner our Marks by virtue hereof

D You shall have no right under this Agreement to license others

E This Agreement is not subject to renewal

F You will sign our then-current form of Franchise Agreement for each Franchise to be developed hereunder, provided, however, that the Royalty Fee and Advertising Fee shall remain six percent (6%) and one percent (1%), respectively, of Net Payments during the initial term of each agreement signed

## II DEVELOPMENT FEE

You shall pay to us, upon execution of this Agreement, a development fee of $_____ which fee shall be non-refundable and fully earned by us upon execution of this Agreement, for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the exclusivity granted herein The development fee represents a $55,000 (100%) initial franchise fee for the first Franchise and $10,000 (25%) of the initial franchise fee due pursuant to the Franchise Agreement for each additional franchise to be granted hereunder The balance of the Franchise Fee (of $30,000) will be due and payable upon execution of each Franchise Agreement You will have no right to recover from us, directly or indirectly, any of the fees which are paid pursuant to this Section II

## III DEVELOPMENT SCHEDULE

You must have open and operating in the Development Area, pursuant to Franchise Agreements, the _____ Franchises set forth in Exhibit A by the corresponding date set forth therein ("Development Schedule") Time is of the essence in this agreement and we have no obligation under any circumstances to extend the Development Schedule You hereby acknowledge that your timely development of the Franchises in the Development Area in accordance with Development Schedule is of material importance to us and you agree, as a condition to the continuance of the rights granted hereunder, to develop and construct the Franchises within the Development Area in accordance with the Development Schedule, to operate such Franchises pursuant to the terms of Franchise Agreements and to maintain all such Franchises in operation during the term of this Agreement Your failure to

develop and operate the Franchises in accordance with the Development Schedule is a material breach of this Agreement, however, our rights pursuant to Section V C of this Agreement shall be our exclusive remedies for your failure to meet the Development Schedule

## IV TERM

A Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted to you hereunder shall expire on the 180th day after the date the last Franchise to be constructed pursuant to the Development Schedule is opened for business, except that the provisions of Section IV B shall, unless sooner terminated in accordance with the terms of this Agreement, continue in effect so long as you exercise your rights thereunder

B Right of First Refusal If at any time within twenty-four (24) months after expiration of this Agreement, we determine that it is desirable to operate or license another to operate one or more additional Franchises in the Development Area, and provided you have timely complied with the Development Schedule and are then in compliance with all terms and conditions of all Franchise Agreements with us, you shall have a right of first refusal to obtain the development rights to such additional Franchises You must notify us in writing within thirty (30) days of the receipt of such notice whether you wish to acquire the development rights to all or any of such additional Franchises If you exercise your right of first refusal, you agree to comply with the reasonable development schedule for such additional Franchises If you do not exercise this right of first refusal, in whole or in part, we may, within thirty (30) days from the expiration of such 30-day period, grant the development rights to any other person or persons on the same terms and conditions or we may elect to develop and construct any such Franchises in the Development Area Further, in the event you fail or refuse to exercise your right of first refusal, this Area Development Agreement shall terminate

## V DEFAULT

A The territorial exclusivity granted to you in this Agreement has been granted in reliance on your representations and assurances, among others, that the conditions set forth in Sections I and III of this Area Development Agreement will be met by you in a timely manner

B You shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate without notice if you are adjudicated a bankrupt, become insolvent, suffer permanent or temporary court appointed receivership of substantially all of your property, make a general assignment for the benefit of creditors or suffer the filing of a voluntary or involuntary bankruptcy petition which is not dismissed within thirty (30) days after filing

C If you fail to meet the Development Schedule, fail to comply with any other terms and conditions of this Agreement or any Franchise Agreement and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you or commence such cure within the 30-day period and diligently pursue such cure to completion, make or attempt to make a transfer or assignment in violation of Section VII B hereof, make or have made any misrepresentation to us in connection with obtaining this Agreement, use the System or our Marks except pursuant to and in accordance with a valid and in effect Franchise Agreement, if you are convicted of a felony or any crime involving moral turpitude or upon completion of the Development Schedule, or you close one (1) or more of the Franchises, such action shall constitute a default under this Area Development Agreement Upon any such default, we, in our discretion, may do any one or more of the following

1 Terminate this Agreement and all rights granted hereunder without affording you any further opportunity to cure the default, effective immediately upon receipt of written notice by you,

2 Terminate the territorial exclusivity granted to you hereunder or reduce the Development Area granted you hereunder,

3 Develop the Development Area or license others to establish Franchises in the Development Area, except as may otherwise be provided under any Franchise Agreement which has been executed between us

D Upon termination of this Agreement, you shall have no right to establish or operate any Franchise for which a Franchise Agreement has not been executed by us We shall be entitled to establish and to license others to establish Franchises in the Development Area except as may be otherwise provided under any Franchise Agreement which has been executed between us No default under this Area Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto

E No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity

## VI TRANSFERABILITY

A We shall have the right to transfer all or any part of our rights or obligations herein to any person or legal entity

B You understand and acknowledge that the rights and duties set forth in this Area Development Agreement are personal to you and are granted in reliance upon your personal qualifications, including financial condition You have represented to us that you are entering into this Area Development Agreement with the intention of complying with your terms and conditions and not for the purpose of resale of the developmental rights hereunder You shall not sell, pledge, assign or transfer any interest in this Area Development Agreement or in you or your entity without our prior written approval, which approval shall be granted on the same terms and conditions as set forth in Section 12 of the Franchise Agreement You agree that any attempt to assign or transfer any interest in you, your entity, or in this Agreement without our prior written approval shall be deemed an event of default All the terms and conditions of Section 12 of the Franchise Agreement with respect to transferability of interest, including, without limitation, transfers upon death or incapacity, shall apply to this Area Development Agreement

## VII COVENANTS

You covenant that, except as otherwise approved in writing by us, during the term of this Agreement and for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause for termination, you shall not do or engage in any act prohibited by Sections 7 and 15 4 of the Franchise Agreement

## VIII NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be

mailed, postage prepaid, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notice to US AFC Franchising, LLC
3700 Cahaba Beach Road
Birmingham, Alabama 35242

Notices to YOU _____
_____
_____

## IX INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that nothing in this Area Development Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other

B You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement and take such actions as shall be necessary to that end

C The parties understand and agree that nothing in this Area Development Agreement authorizes any party to make any contract, agreement, warranty or representation on the other party's behalf or to incur any debt or other obligation in the other party's name

## X NON-WAIVER

No failure by us to exercise any power reserved to us in this Agreement or to insist upon compliance by you with any obligation or condition in this Area Development Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement Waiver by us of any particular default shall not affect or impair our right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or an omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default

## XI SEVERABILITY AND CONSTRUCTION

A This Agreement shall be deemed severable

B Nothing in this Agreement shall confer upon any person or legal entity other than us or you and such of our respective successors and assigns as may be contemplated by Section VI hereof, any rights or remedies under or by reason of this Agreement

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

D All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all the parties hereto on behalf of you

## XII ENTIRE AGREEMENT-APPLICABLE LAW

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreement Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you No amendment, modification or alteration of this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing This agreement shall be construed pursuant to the laws of the State of Alabama

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our members, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law

## XIII DISCLAIMER

A You acknowledge that the success of the business venture contemplated by this Agreement involves substantial business risks and will be largely dependent upon your ability as an independent businessman

We expressly disclaim the making of, and you acknowledge you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement

B You acknowledge that you have received, read and understood this Agreement and the attachments hereto, and that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement

## XIV ARBITRATION

A Disputes Subject to Arbitration Except as expressly provided to the contrary in of the Franchise Agreement, all disputes and controversies between you and us including allegations of fraud, misrepresentation and violation of any state or federal laws or regulations, arising under, as a result of, or in connection with this Agreement, the Premises or the Franchise are subject to and will be resolved exclusively by arbitration conducted in accordance with the Commercial Rules and Regulations of the American Arbitration Association Arbitration shall be subject to and governed by Section 17 5 of the Franchise Agreement

B Notice of Dispute The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail The party who receives written notice alleging the dispute will have thirty (30) days after receipt of the written notice to resolve the dispute specified

in the written notice If the written notice alleges that you are delinquent in the payment of any fees or other payments payable to us, you will have ten (10) days to make full payment (including interest and administrative fees as provided for herein) to us

## XV FORCE MAJEURE

If any party's performance of any obligation under this Agreement is prevented, hindered or delayed because of force majeure and not through any act or omission of such party, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are respectively necessarily prevented, hindered or delayed in the performance during the period of force majeure As used in this Agreement, the term "force majeure" shall mean any act of God, strike, lockout or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government (including rejection of any license application) and any other similar cause not within the control of the affected party The party whose performance is affected by an event of force majeure shall give prompt notice of the force majeure event to the other party by telephone or facsimile (in each case to be confirmed in writing) setting forth the nature of the event, an estimate as to your duration and a plan for resuming compliance with this Agreement, which the party shall promptly undertake and maintain with due diligence

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written

ATTEST

By _____
As its _____

AFC FRANCHISING, LLC

By _____
As its _____

YOU

_____
Witness

_____

_____
Witness

_____

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of_____ 20___, by _____

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (the "Agreement") by AFC Franchising, LLC ("we," "us," or "our"), the undersigned hereby personally and unconditionally (1) guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities Each of the undersigned waives (1) acceptance and notice of acceptance by us of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed, (4) any right he may have to require that an action be brought against Developer or any other person as a condition of liability, and (5) any and all other notices and legal or equitable defenses to which he or she may be entitled

The undersigned consents and agrees that (1) he or she will render any payment or performance required under this Agreement upon demand if Developer fails or refuses punctually to do so, (2) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person, (3) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Developer or its owners, and for so long as we have any cause of action against Developer or its owners, and (4) this Guaranty will continue in full force and effect for (and as to) any extension or modification of this Agreement and despite the transfer of any interest in this Agreement or Developer, and the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers, provided, however, that in the event of a complete and total transfer of all assets and ownership interests in Developer and in this Agreement, such that a Guarantor has no ownership interest in Developer or this Agreement ("Transfer"), this Guaranty shall terminate as of the date of the Transfer with respect to any obligations that arise as of or after the Transfer

The undersigned consents and agrees that any claims he or she may have against Developer are, and will be, subordinate to this Guaranty and Assumption of Obligations

IN WITNESS WHEREOF, the undersigned has hereunto signed this Guaranty and Assumption of Obligations on the same day and year as the Agreement was executed

GUARANTOR

_____

Print Name _____

**EXHIBIT A**
**TO THE AREA DEVELOPMENT AGREEMENT**
**BETWEEN AFC FRANCHISING, LLC AND**

**DATED _____, 20_____**

1 The Development Area is the geographical area described as follows

_____
_____
_____
_____
_____
_____
_____
_____

Any political boundaries described above shall be considered fixed as of the date of this agreement and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions All street boundaries shall be deemed to end at the street center line unless otherwise specified above

2 You must have open and in operation in the Development Area, pursuant to Franchise Agreements, that cumulative number of Franchises set forth below as of each of the following dates

| **Cumulative Number of Franchises** | **Date** |
|---|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

For purposes hereof, a Franchise that is permanently closed after having been opened, other than as a result of noncompliance by you with the terms of the applicable Franchise Agreement, shall be deemed open for a period of 6 months after the last day it was open for business, provided that (i) during such period of time, you continuously and diligently take such actions as may be required to develop and open a substitute Franchise within the Development Area pursuant to a new Franchise Agreement therefor, and (ii) by the end of such period you have the substitute Franchise open and operating in compliance with the Franchise Agreement therefor

3 The development fee shall be _____ Dollars ($_____), representing Fifty-Five Thousand Dollars ($55,000) or 100% of the initial franchise fee for the first Franchise and $10,000 (25%) of the initial franchise fee due pursuant to the Franchise Agreement for each additional franchise to be granted hereunder The balance of the Franchise Fee ($30,000) will be due and payable upon execution of each Franchise Agreement

| **FRANCHISOR** | **YOU** |
|---|---|
| AFC FRANCHISING, LLC<br>An Alabama limited liability company | |
| By _____ | _____ |
| Print Name _____ | |
| Title _____ | _____ |

# EXHIBIT B

# MANAGEMENT AGREEMENT

# AFC FRANCHISING, LLC
# MANAGEMENT AGREEMENT

between

_____

the "Company"

and

_____

the "P C "

## TABLE OF CONTENTS


| | | Page |
|---|---|---|
| 1 | Representations and Warranties | 1 |
| 2 | Furnishings and Equipment, Use of Premises | 2 |
| 3 | General Responsibilities of the Company | 2 |
| 4 | Responsibilities of the P C | 5 |
| 5 | Financial Terms | 8 |
| 6 | Regulatory Matters | 9 |
| 7 | Insurance | 9 |
| 8 | Indemnification by the P C | 10 |
| 9 | Indemnification by the Company | 11 |
| 10 | NonSolicitation | 11 |
| 11 | Proprietary Rights | 11 |
| 12 | Enforcement | 12 |
| 13 | Employment Agreements | 12 |
| 14 | Term and Termination | 12 |
| 15 | Obligations After Termination | 14 |
| 16 | Return of Proprietary Property and Confidential Information | 15 |
| 17 | Status of Parties | 15 |
| 18 | Force Majeure | 15 |
| 19 | Notices | 15 |
| 20 | Entire Agreement | 15 |
| 21 | No Rights in Third Parties | 15 |
| 22 | Governing Law | 15 |
| 23 | Severability | 15 |
| 24 | Waiver | 16 |
| 25 | Rights Unaffected | 16 |
| 26 | Interpretation of Syntax | 16 |
| 27 | Successors | 16 |
| 28 | Further Actions | 16 |
| 29 | NonAssignment | 16 |
| 30 | Access of the Government to Records | 16 |

Exhibit A - Equipment/Furnishings
Exhibit B - Business Associate Addendum
Exhibit C - State Specific Amendments for California, Florida, Illinois and New York

# MANAGEMENT AGREEMENT

**THIS MANAGEMENT AGREEMENT** (the "Agreement") is made effective as of _____, 201___ by and between _____, a _____ [State] [corporation / limited liability company], having its principal place of business at _____ ("the Company"), and _____, a _____ **[State]** professional corporation, having its principal place of business at _____ _____ (the "P C ")
**[This defined term may be adapted to correspond to the applicable business form (*i e*, P L L C ) ]**

**WHEREAS,** the P C has been incorporated under the laws of the State of _____ to render urgent and accessible primary care and related medical services to patients of the P C ,

**WHEREAS,** the P C desires to establish and operate an urgent care center and provide urgent care and medical services (the "Center") at _____ (the "Premises") and to obtain certain equipment, furnishings, office space and management services for the P C from the Company (as used herein urgent care also includes accessible primary care), and

**WHEREAS,** the Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P C in connection with the Center

**NOW, THEREFORE,** in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows

## 1 Representations and Warranties

**1 1 Representations and Warranties of the Company** The Company represents and warrants to the P C that at all times during the term of this Agreement, the Company is duly organized, validly existing and in good standing under the laws of the State of _____

**1 2 Representations and Warranties of the P C** The P C hereby represents and warrants to the Company that at all times during the term of this Agreement

(a) The P C is duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of medicine and the provision of urgent care services in the State of _____

(b) Each of the professionals employed or engaged by the P C to render services at the Center is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P C

(c) The P C will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P C as required by Section 4 10 below, applicable law and by the rules and regulations of all applicable governmental agencies

## 2 Furnishings and Equipment, Use of Premises

**2 1 Title and Maintenance** During the term of this Agreement, the Company grants to the P C the exclusive right to use the equipment and furnishings specified in Exhibit A hereto (collectively "Equipment"), on the terms and conditions hereinafter set forth All Equipment selected for use at the Center and identified in Exhibit A must be reviewed and approved by the P C The P C shall use, and shall cause its Providers to use, the Equipment only in connection with the Center Title to the Equipment, including any improvements thereto, shall be and remain in the Company at all times The P C agrees to take no action that would adversely affect the Company's title to or interest in the Equipment During the term of this Agreement, the P C shall be responsible for maintaining the Equipment in good condition and repair, reasonable wear and tear from normal use excepted, including, when necessary, the replacement or substitution of parts All maintenance, repair and replacement, if necessary, of the Equipment shall be performed by the Company on behalf of the P C , in accordance with Section 3 1 of this Agreement The P C agrees to assume the cost and expense of all supplies used in connection with the Equipment, and the P C agrees to make the Equipment available for inspection by the Company or its designee at all times

**2 2 Liens, Encumbrances, Etc** The P C shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created by the Company

**2 3 Use of Premises** The Company will provide the Premises for use by the P C at which it shall conduct and provide its medical and urgent care services during the term of this Agreement ("Center") This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship of that of landlord and tenant The P C shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional medical services on the Premises as expressly set forth in this Agreement

**2 4 Return of Equipment** Upon the termination or expiration of this Agreement, the Company shall retain all Equipment and the P C will relinquish control thereof free and clear of all liens, encumbrances, and right of others

**2 5 Assignment** The P C shall not assign this Agreement or any of its rights hereunder to the use of the Equipment to any third party, without the prior written consent of the Company

**2 6 Reporting** In addition to P C 's right to approve the initial Equipment identified in Exhibit A, the P C shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Center, and with respect to any proposed additions or improvements to the Equipment The P C will ensure that all Equipment is used in a safe and appropriate manner The P C shall promptly notify the Company of any defective Equipment

## 3 General Responsibilities of the Company

Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P C , exclusive of the urgent care, medical, pharmaceutical, and professional aspects of the P C 's Center

**3 1 Maintenance, Repair and Servicing of Equipment** During the term of this Agreement, the P C engages the Company and the Company agrees to perform, or subcontract for the

performance of, all maintenance, repair, and servicing as may be necessary for the Equipment to be maintained in good working condition, reasonable wear and tear excepted

**3 2 Administrative and Management Services**

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation of the P C ("the Management Services") The Company shall be the exclusive provider to the P C of such Management Services The P C shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company Subject to the terms of this Agreement and to applicable law in the state where P C is located, the Company is authorized to perform its services in whatever manner it deems necessary to meet the day to day requirements of the P C , including, without limitation, performance of some business office functions at locations other than the Premises and by persons other than employees of the Company The Company is authorized to contract with third parties for the provision of services, equipment and personnel needed to perform its obligations under this Agreement Any contracts with our affiliates shall be arms' length agreements on terms reasonably available from competing vendors

(b) The Management Services to be provided by the Company for the Center shall include, but not be limited to, the following

(i) business planning,

(ii) financial management, including causing annual financial statements to be prepared for the P C , providing to the P C the data necessary for the P C to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P C , the P C 's Monthly Obligations,

(iii) bookkeeping, accounting, and data processing services,

(iv) maintenance of patient records owned and maintained by the P C in accordance with procedures established by the P C ,

(v) materials management, including purchase and stocking of office supplies and maintenance of equipment and facilities, subject to the P C 's approval of the selection of medical equipment for the Center,

(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P C ,

(vii) human resources management, including primary direction and control of recruitment, training, and management of all Administrative Staff,

(viii) billing to and collection from all payors, on behalf of and in the name of the P C , accounts receivable and accounts payable processing, all in accordance with the P C 's instructions and final approval made in consultation with the Company,

(ix) administering utilization, cost and quality management systems,

(x) whenever applicable, evaluating, negotiating and administering, on behalf of the P C , agreements with employers, multi-employer welfare trusts, third party administrators and other third parties, including third party payors, managed care entities, institutional health care providers and vendors (collectively "Payors") in accordance with the instructions and final approval of the P C under which the P C and its physicians would enter into agreements with Payors,

(xi) arrange for the P C to obtain and maintain malpractice and other agreed upon insurance coverages,

(xii) advertising, marketing and promotional activities,

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P C and the Company, and

(xiv) performing credentialing support services such as application processing and information verification

(c) the Company shall not provide any of the following services to the Center

(i) assignment of Providers to treat patients, including determining how many patients a physician must see in a given period or how many hours a physician must work,

(ii) assumption of responsibility for the care of patients including the treatment options available,

(iii) serving as the party to whom bills and charges are made payable,

(iv) determining what diagnostic tests are appropriate for a particular condition,

(v) determining the need for referrals to or consultation with another physician/specialist, and

(vi) any activity that involves the practice of medicine and the provision of urgent care services or that would cause the Company to be subject to licensure under the applicable laws and regulations in the state in which P C is located

### 3 3 Administrative Staff

(a) Subject to the requirements of applicable federal and state law, the Company shall, on the terms and conditions specified in this Agreement, employ or engage and make available to the Center, on a non-exclusive basis, sufficient non-clinical personnel and administrative staff (herein referred to collectively as "Administrative Staff") The hiring, firing, disciplining and determination of compensation and benefits of the Administrative Staff shall be within the sole discretion of the Company, provided, however, that the Company may, at the P C 's written request, remove from the Center any Administrative Staff member who does not perform to the reasonable satisfaction of P C

(b) The Administrative Staff, although employed by Company, shall perform as leased employees of the P C

3 4 **Patient Records** The Company shall use its reasonable efforts to preserve the confidentiality of patient records and use information contained in such records only to the extent permitted by applicable law

3 5 **Performance Standards** All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time

## 4 Responsibilities of the P C

4 1 **Professional Services** During the term of this Agreement, the P C shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Center, and for the selection, training, professional direction, supervision, employment or engagement, and termination of all Providers In addition, the P C shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition, determining the need for referrals to or consultation with another physician/specialist, and each and every aspect of the care of Center patients, including the treatment options available

4 2 **Time Commitment** The P C shall employ or engage and make available to the Center, sufficient physicians, physician extenders and other clinical professionals, such as nurses, x-ray technicians and medical receptionists, authorized to engage to the extent permitted by law in the urgent care and medical services provided by the Center (collectively referred to as "Providers") in adequate numbers to meet the urgent care and medical needs of the patients of the Center The P C shall establish the Center's hours of operation and provide such services during normal business hours, as established in consultation with the Company The P C shall ensure that all work and coverage schedules meet the needs of patients of the P C in a competent, timely and responsive manner The P C shall determine how many patients a physician must see in a given period of time or how many hours a physician must work

4 3 **Quality of Service** The P C shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all urgent care and medical services provided to patients of the Center The P C shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P C , governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P C may contract or affiliate

4 4 **Billing and Collection**

(a) The Company shall bill and collect for all services rendered by the P C and its Providers hereunder as agent for the P C in accordance with P C 's instructions and final approval made in consultation with the Company regarding coding and billing procedures for professional services provided by the P C All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P C and shall be deposited into a bank account of the P C (the "Concentration Account") with a bank mutually agreed to by the Company and the P C (the "Account Bank") The Company shall prepare and make available to the P C an accounting of receipts attributable to services provided by the P C , and receipts attributable to services provided by the Company

(b) The P C shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P C or its Providers, with respect to all accounts, contract rights,

instruments, documents, or other rights to payment arising from the rendering of urgent care and medical services by the P C and its Providers or otherwise relating to the business of the P C , together with any guarantees thereof or securities therefor which are generated during the term of this Agreement The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P C 's Expenses The P C shall notify the banking institution of the Concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account

(c) With respect to funds deposited in the Concentration Account (the "P C 's Revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account") The Company shall hold the P C 's Revenues in the Operating Account as the P C 's agent, and shall administer such Revenues on the P C 's behalf The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P C 's Revenues

(d) On at least a monthly basis, the Company shall pay, from the P C 's Revenue in the Operating Account, all of the current month's P C Expenses, and the current month's Management Fee (collectively, the "P C 's Monthly Obligations") In the event that the P C 's Revenue is insufficient to pay fully the P C 's Monthly Obligations, the Company may advance to the P C an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account The amounts of the Deficit Advances shall accrue and the P C shall be obligated to pay such amounts upon the termination of this Agreement In the event that there is a monthly profit that exceeds the P C 's Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereon

**4 5 Licensure** The P C shall ensure that each Provider associated with P C maintains, if applicable, an unrestricted license to practice medicine or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services

**4 6 Federal DEA Number** The P C shall ensure that each Provider, if applicable, maintains a Federal DEA registration and state controlled substances registration, which registrations shall not be suspended, revoked, or restricted in any manner

**4 7 Continuing Education** The P C shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company

**4 8 Disciplinary Actions** The P C shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement

**4 9 Outside Activities**

(a) The P C and its Providers shall devote their best efforts to fulfill their obligations hereunder The P C and its Providers shall not engage in any other professional activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P C 's duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld The P C shall assure that each of its Providers shall not provide urgent care or medical services other than on behalf of the P C , unless such activity is disclosed in writing to and is expressly authorized in writing by the Company In the event that any of the P C 's Providers shall violate any provision of this Section 4 9(a), the P C 's President shall immediately notify the Company of such activity and the P C shall immediately take all necessary and appropriate corrective action to cease such activity

(b) Except as otherwise approved in advance by the Company and to the extent permitted by law, all amounts collected by the P C for urgent care and medical services provided outside of the Center, regardless of the source of payment, is subject to the Management Fee including honoraria, royalties, revenues from patents, copyrights or other licensable intellectual property, revenues from teaching and supervising licensees-in-training and revenues from other professional activities ("Outside Income")

**4 10 Patient Records**

(a) The P C and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Center, and all such patient records shall be the property of the P C The P C and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records

(b) The P C shall own and control all patient medical records, including determining the contents thereof The P C shall grant the Company access to the information contained in the patient records owned by the P C and completed by the physicians to the extent that access to such information is permitted by law and is required in connection with the Company's administrative responsibilities hereunder The P C shall, upon the termination of this Management Agreement (as permitted by law), transfer all of the P C 's patient records to a successor P C or physician identified by the Company who will provide medical services at the Premises Such successor P C or physician shall be obligated to transfer a patient's record as directed upon the patient's request

(c) As required by the privacy regulations issued under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement

**4 11 Credentialing** The P C shall participate, cooperate in, and comply with any credentialing program established by the Company

**4 12 Fees for Professional Services** The P C shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein

**4 13 Standards of Care** The P C and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care, and the quality assurance standards of the Payors with which the P C or the Company

contracts hereunder, and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies

**4 14 P C Expenses** The following expenses of the P C that are related to the Center ("P C Expenses") shall be paid by the Company, on behalf of the P C and at the direction of the P C

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes, and the cost of payroll administration and administration of benefits, for Providers employed by the P C ,

(b) Cost of all new urgent care, medical and non-medical equipment and supplies obtained for use in the operation of the Center, and depreciation cost of all capital equipment and items obtained for use in the operation of the Center in accordance with federal tax depreciation schedules for such equipment and items, if any,

(c) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P C to the extent the P C is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P C 's facilities and operations, and worker's compensation and unemployment insurance coverage for all P C employees,

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P C , if any,

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P C or the professional licensure and board certification fees assessed against the Providers,

(f) Expenses incurred in the course of recruiting physicians, nurses, x-ray technicians, medical receptionists and other professional staff to work for and/or join the P C , and

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P C and its Providers

The P C shall promptly notify the Company of all P C Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P C Expenses

## 5 Financial Terms

### 5 1 Management Fee

(a) In consideration of the Company (i) licensing to the P C the use of Equipment, (ii) permitting the P C to operate the Center and perform professional medical services at the Premises, (iii) granting to the P C the right to use the personal property and leasehold improvement at the Premises, and (iv) providing all other services described in this Agreement, the P C hereby agrees to pay to the Company the Management Fee that shall be equal to all revenues received by the P C , less the expenses of the P C that the Company pays on behalf of the P C

(b) The portion of the Management Fee (i) allocable to the P C 's use of the Equipment has been determined by the parties to equal the fair market value of the use of the Equipment, respectively, and (ii) allocable to the provision of all other services hereunder has been determined by the parties to equal the fair market value of such other services, without taking into account the volume or value of any referrals of business from the Company to the P C or the Providers, or from the P C or the Providers to the Company, that is reimbursed under any governmental or private health care payment or insurance program

(c) The Management Fee paid by the P C to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P C to the Company or by the Company to the P C In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P C to the Company or by the Company to the P C

## 6 Regulatory Matters

(a) The P C 's Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P C No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P C 's Providers To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of medicine and the provision of urgent care services, the ownership or control of an urgent care or medical practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P C

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of law, with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Center, and of any insurance company insuring the Center or the parties against liability for accident or injury in or upon the Premises of the Center

## 7 Insurance

**7 1 General Comprehensive Liability Insurance** During the term of this Agreement, the Company shall obtain and maintain, at the P C 's expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary These insurance policies must name AFC Franchising, LLC, the Company, and any of their respective affiliates that the Company or AFC Franchising LLC, designates as additional named insureds, and provide for thirty (30) days' prior written notice to the Company and AFC Franchising LLC, of a policy's material modification, cancellation or expiration

**7 2 Equipment Insurance** The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine These insurance policies must

name AFC Franchising, LLC, the Company, and any of their respective affiliates that the Company or AFC Franchising, LLC, designates as additional named insureds, and provide for thirty (30) days' prior written notice to the Company and AFC Franchising, LLC, of a policy's material modification, cancellation or expiration

**7 3** **Malpractice Insurance** During the term of this Agreement, the Company shall arrange for the P C to obtain and maintain, at the P C 's expense, medical professional liability insurance covering the P C and its Providers The P C shall provide to the Company any information with respect to the P C or the Providers necessary for the Company to secure such medical professional liability insurance The insurance policies must name AFC Franchising, LLC, the Company, and any of their respective affiliates that the Company or AFC Franchising, LLC, designates as additional named insureds, and provide for thirty (30) days' prior written notice to the Company and AFC Franchising, LLC, of a policy's material modification, cancellation or expiration The medical professional liability insurance shall name the Providers as additional insureds with coverage being applicable based on the retro date and effective date shown on the policy

If approved by P C 's medical professional liability insurer, the Providers shall be covered through P C 's medical professional liability insurance to the extent the policy provides coverage and from the retro date and effective date shown on the policy Medical professional liability insurance for P C inclusive of the scheduled insured Providers shall be $1 (one) million per claim and $3 (three) million annual aggregate for all claims which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law

In the event the Providers are ineligible or become ineligible for P C 's medical professional liability insurance, the Company may seek alternative medical professional liability insurance for P C and the Providers If alternative medical professional liability insurance is found covering both the Providers and P C and is acceptable to P C and the Providers, the P C or the Providers shall pay any additional cost P C may incur for the alternative medical professional liability insurance If the alternative medical professional liability insurance is purchased the P C or the Providers are responsible to pay for the cost of the extended reporting period coverage (Tail) in the event a Provider is terminated, quits or the insurance is terminated and no acceptable prior acts is available from a new insurer The Tail shall be for an unlimited term

**7 4** In the event of the termination of the P C 's medical professional liability insurance policy or P C changes the medical professional liability insurer and prior acts is not obtained for listed departed and active Providers, the Company, at the P C 's expense, will purchase the extended reporting period coverage (Tail) from the expiring insurer The provisions of this Section shall survive termination of this Agreement

**8** **Indemnification by the P C** The P C hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, members, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the P C of this Agreement or any acts or omissions by the P C or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P C or its Providers arising from or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance The P C shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P C , or any Provider, or the Company that may become known to the P C

9 **Indemnification by the Company** The Company hereby agrees to indemnify, defend, and hold harmless the P C , and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance The Company shall immediately notify the P C of any lawsuits or actions, or any threat thereof, against the Company, P C or any Provider that may become known to the Company

10 **Non-Solicitation**

(a) To the extent permitted by law, the P C shall not, during the term of this Agreement and for a period of one (1) year from the date of termination or expiration of this Agreement, and shall ensure that its Providers shall not, during the term of their employment by the P C and for a period of one (1) year thereafter, solicit for employment, verbally or in writing, employ or offer employment to any employee or former employee of the Company or its affiliates, including, but not limited to any personnel provided by the Company to P C hereunder, without the prior written consent of the Company

(b) To the extent permitted by law, during the term of any Provider's employment with the P C and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P C , such Provider shall not, without the express written consent of the P C , solicit verbally or in writing, any patient or former patient of the P C , or otherwise interfere with such patient or former patient's relationship with the P C in connection with the provision of urgent care and medical services Upon termination of any Provider's employment with the P C , the P C shall promptly notify the Provider's patients of how and where to contact the Provider

(c) In the event that any of the P C 's Providers shall violate any provision of this Section 10, the P C 's President shall immediately notify the Company of such activity and the P C shall immediately take all necessary and appropriate corrective action

11 **Proprietary Rights** The P C recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company in rendering services hereunder, or relating to the operations of the Company, belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information") The P C shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company, or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates

(a) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P C and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P C or, during the course of the P C 's employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P C and/or any Provider during or after such management by the Company or employment or engagement by the P C ) and all concepts and ideas known to P C or any Provider at any time during the Company's management of the P C which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P C and/or any Provider on the date of this Agreement or acquired by P C and/or any Provider

during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P C and/or any Provider's part with respect thereto, and P C and/or any such Provider hereby assign all rights therein to the Company

(b) P C and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company Further, P C and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P C and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation In order to confirm the Company's rights, P C and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P C and/or its Providers in connection with the Company's management of the P C or the Providers' employment or engagement by the P C P C and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P C or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P C 's engagement of its Providers

**12 Enforcement** The P C agrees that the restrictive covenants set forth in Sections 10 and 11 are reasonable in nature, duration and geographical scope The P C further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety If a court determines that any of the restrictive covenants set forth in Sections 10 and 11 are unreasonable in nature, duration or geographic scope, then the P C agrees that such court shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent If any court finds that the P C and/or any Provider has breached the restrictive covenants set forth in Section 10 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach

**13 Employment Agreements** The P C agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement Any liquidated damages paid to the P C by Providers pursuant to contracts between the P C and such Providers shall be assigned by the P C and paid over to the Company (pursuant to this Management Agreement)

**14 Term and Termination**

(a) The term of this Agreement shall be for fourteen (14) years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least ninety (90) days prior written notice of its intention not to renew prior to the expiration of then current term

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party (i) the making of a general assignment for the benefit of creditors, (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) days of the date on which it is filed or commenced, or (iv) suspension of the transaction of the usual business of either party for a period in excess of thirty (14) days

(c) The Company may terminate this Agreement immediately upon any of the following events

(i) The date of death of **[Name of sole shareholder/member]**,

(ii) The date **[Name of sole shareholder/member]** is determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services,

(iii) The date **[Name of sole shareholder/member]** becomes disqualified under the Bylaws or Operating Agreement of the P C or applicable law to be a shareholder or member of the P C ,

(iv) The date upon which any of the shares of stock or member units in the P C held by **[Name of sole shareholder/member]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person,

(v) The date upon which **[Name of sole shareholder/member]** ceases to provide medical services in connection with the P C , or

(vi) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock/member units or assets of the P C

(d) The Company may terminate this Agreement if the P C fails, within seven (7) days after receiving written notice from the Company, to remove from the Center any Provider who the Company determines has materially disrupted or interfered with the performance of the P C 's obligations hereunder This provision shall not be construed as permitting the Company to control or impair the P C 's or the Providers' medical judgment, professional performance or patient care

(e) The Company may terminate this Agreement immediately upon written notice to the P C in the event of termination for any reason of any of the following agreements the Shareholder and Stock Transfer Restriction Agreement, the Company's operating agreement and/or the employment agreement between the P C and _____ **[Physician's Name]**

(f) The Company may terminate this Agreement at any time, with or without cause, by giving the P C forty-five (45) days' prior written notice

(g) Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party in the event of a material breach by the other party of any material term or

condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within thirty (30) days after the non-breaching party has given notice thereof to the other party

(h) Upon termination or expiration of this Agreement by either party, the P C shall pay the Company any amounts owed to the Company pursuant to Section 5 hereof as of the date of termination or expiration

(i) Upon termination or expiration of this Agreement, the P C shall return to the Company any and all property of the Company which may be in the P C 's possession or under the P C 's control

(j) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable legislation, regulations, rules or procedures (collectively referred to herein as a "Law") in effect or to become effective as of a date certain, or if the Company or the P C receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as an "Action"), which Law or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P C shall provide such Opinion or Notice to the other party The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Law or to avoid the Action, as applicable, and shall utilize mutually agreed upon, joint, legal counsel to the extent practicable If, within ninety (90) days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following the date one hundred and eighty (180) days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement In the event of a termination of this Agreement in accordance with this Section 14(h), then the restrictions contained in Section 10 of this Agreement shall be waived and shall be of no further effect

15 **Obligations After Termination** Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement

(a) The Company shall continue to permit the P C or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect,

(b) The P C shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records,

(c) Both the Company and the P C shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements, and

(d) Both the Company and the P C shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this Agreement, provided that in the event of a termination of this Agreement by the Company pursuant to Section 14(b), (c), or (e), the P C and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed upon by the Company in its sole discretion

16 **Return of Proprietary Property and Confidential Information** All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P C and/or its Providers possession or control, whether prepared by P C , its Providers, or others (a) are the property of the Company, (b) will not be used by P C or its Providers in any way adverse to the Company or to the benefit of P C and/or its Providers, (c) will not be removed from the Company's Premises (except as P C and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P C and such Providers shall discontinue use of such materials

17 **Status of Parties** In the performance of the work, duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement

18 **Force Majeure** Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable It is agreed that financial inability shall not be a matter beyond a party's reasonable control

19 **Notices** Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing

20 **Entire Agreement** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties

21 **No Rights in Third Parties** This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P C in connection with the Center

22 **Governing Law** This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this Agreement shall be exclusively in the federal or state court in the State of _____, County of _____ **[Insert State where franchisee and P C / urgent care center are located ]**

23 **Severability** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain

**24** **Waiver** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement

**25** **Rights Unaffected** No amendment, supplement or termination of this Agreement shall affect or impair any rights or obligations which shall have theretofore matured hereunder

**26** **Interpretation of Syntax** All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require

**27** **Successors** This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective successors and assigns

**28** **Further Actions** Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be necessary to carry out the intent and purpose of this Agreement and that are not inconsistent with the terms hereof

**29** **Non-Assignment** The P C may not assign this Agreement except with the prior written approval of the Company The Company may assign this Agreement

**30** **Access of the Government to Records** To the extent that the provisions of Section 1861(v)(1)(I) of the Social Security Act [42 U S C §1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement The obligations hereunder shall extend for four (4) years after furnishing of such services The parties shall notify each other of any such request for records

**IN WITNESS WHEREOF**, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal

| **[P C ]** | **[AFC FRANCHISING, LLC FRANCHISEE ENTITY / "Company"]** |
|---|---|
| By _____ | By _____ |
| Its President | Its _____ |

# EXHIBIT A

## TO AFC FRANCHISING, LLC MANAGEMENT AGREEMENT

## EQUIPMENT/FURNISHINGS

**[Insert "Supply List" for each Center]**

## EXHIBIT B

## TO AFC FRANCHISING, LLC MANAGEMENT AGREEMENT

## BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the "Addendum") to the Management Agreement (the "Agreement") dated _____, by and between the P C and the Company ( for purposes of this Addendum, the "Business Associate"), is entered into for the purposes of complying with privacy regulations issued by the United States Department of Health and Human Services ("HHS") under the Health Insurance Portability and Accessibility Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act ("HITECH")

I Definitions For the purposes of this Addendum, the following capitalized terms shall have the meanings ascribed to them below

A "**Breach**" has the meaning assigned to the term "breach" under Section 13400(1) of the HITECH Act

B "**HITECH Act**" means the Health Information Technology for Economic and Clinical Health (HITECH) Act, Pub L 111-5, Div A Title XIII and Title IV of Div B )

C "**Protected Health Information**" shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media, (b) maintained in any electronic medium, or (c) transmitted or maintained in any other form or medium "Protected Health Information" does not include Individually Identifiable Health Information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 U S C § 1232g) or (y) records described in 20 U S C § 1232g(a)(4)(B)(iv) For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that (aa) is created or received by a health care provider (including the P C ), health plan, employer or health care clearinghouse, and (bb) relates to the past, present or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual and that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual

D "**Required by Law**" shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law "Required by Law" includes, but is not limited to, court orders and court-ordered warrants, subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information, a civil or an authorized investigative

demand, Medicare conditions or participation with respect to health care providers participating in the program, and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing public benefits

E **"Unsecured Protected Health Information"** has the meaning assigned to the term "unsecured protected health information" under Section 13402(h)(1) of the HITECH Act

II Permitted Uses and Disclosures Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes

A Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement

B Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration or to fulfill any present or future legal responsibilities of Business Associate, provided, however, that if Business Associate discloses Protected Health Information to a third party under this Section II(B), Business Associate shall (i) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached

C Business Associate may use or disclose protected Health Information as Required by Law

D Business Associate may use and disclose Protected Health Information only if such use or disclosure, respectively, is in compliance with each applicable provision of 42 C F R § 164 512(e) and if Business Associate knows of a pattern of activity or practice that constitutes a material breach of the Business Associate Agreement between the parties by P C or violation by P C of the standards of 45 C F R § 164 502(e) or 45 C F R § 164 504(e) with respect to any Business Associate Agreement between the parties, Business Associate shall notify P C of such material breach or violation by P C and unless P C takes reasonable steps to cure the breach or end the violation, and if such steps are unsuccessful, Business Associate shall either (1) terminate the contract or arrangement, or (2) if termination is not feasible, report the problem to the Secretary

E Business Associate will limit its requests for, use and disclosure of Protected Health Information to the minimum necessary to accomplish the intended purpose of the applicable request, use or disclosure

F Business Associate shall document such disclosures of Protected Health Information and information related to such disclosures as would be required for P C to respond to a request by an individual for an accounting of disclosures of Protected Health Information in accordance with 45 C F R § 164 528 and Section 13405(c) of the HITECH Act Business Associate further agrees to provide P C or an individual, as applicable, in a time and manner as prescribed by HIPAA regulations and the HITECH Act, such information collected in accordance with the subsection in response to a request for an accounting of disclosures of Protected Health Information in accordance with 45 C F R § 164 528 or the HITECH Act Such time and manner shall comply with the obligations under the HIPAA regulations or the HITECH Act

III Disclosure to Agents In the event Business Associate discloses to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P C , Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum

IV Safeguards Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P C upon request

V Reporting of Improper Disclosures Business Associate shall report to the P C any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure

VI Reporting of Breach Business Associate shall report to P C any Breach of Unsecured Protected Health Information that it becomes aware of as required under the HITECH Act The report shall include the name of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by Business Associate to have been, accessed, acquired or disclosed as a result of such Breach Such reports shall be submitted within five (5) business days of when Business Associate becomes aware of such Breach and shall contain such information as Business Associate reasonably believes is required for P C to further investigate Business Associate shall also provide such assistance and further information as reasonably requested by P C

VII Access to Protected Health Information by the P C

A Within ten (10) days of a request by the P C , Business Associate shall provide to the P C all Protected Health Information in Business Associate's possession necessary for the P C to provide patients or their representatives with access to or copies thereof in accordance with 45 C F R § 164 524

B Within ten (10) days of a request by the P C , Business Associate shall provide to the P C all information and records in Business Associate's possession necessary

for the P C to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C F R § 164 528

C Within ten (10) days of a request by the P C , Business Associate shall provide to the P C all Protected Health Information in Business Associate's possession necessary for the P C to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C F R § 164 526 At the P C 's direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P C into the copies of such information maintained by Business Associate

VIII Access to HHS Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P C , or created or received by Business Associate on behalf of the P C , to HHS in accordance with HIPAA and the regulations promulgated thereunder

IX Return of Protected Health Information Upon Termination Upon termination of the Agreement, Business Associate shall (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P C that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information, or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible

X Remuneration for Protected Health Information Unless approved by P C consistent with the exceptions set forth in Section 13405(d)(2) of the HITECH Act, Business Associate shall not directly or indirectly receive remuneration in exchange for any Protected Health Information of an individual unless P C has obtained from the individual a valid authorization that includes a specification of whether the Protected Health Information can be further exchanged for remuneration by the entity receiving the Protected Health Information of that individual

XI Marketing to P C Patients As defined by Section 13406(a) of the HITECH Act and 45 C F R § 164 508, and unless approved by P C , Business Associate shall not directly or indirectly perform marketing to P C patients using Protected Health Information that was either provided by P C , or created or otherwise acquired by Business Associate on behalf of P C

XII Amendment If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P C may, on thirty (30) days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations

XIII Indemnification Business Associate shall indemnify, defend and hold harmless the P C and its directors, officers, employees and agents from and against any and all third-party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties on the P C by HHS under HIPAA, arising from or relating to the breach by Business Associate or

any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum

XIV Conflicting Terms In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control

## EXHIBIT C

## TO AFC FRANCHISING, LLC MANAGEMENT AGREEMENT

## STATE SPECIFIC AMENDMENTS FOR

## CALIFORNIA, FLORIDA, ILLINOIS & NEW YORK

If the Center will be operated in the states of California, Florida, Illinois or New York, then Company and P C will, concurrent with their execution of the Management Agreement, also enter into (as applicable) the state-specific Amendments included hereto as Exhibits C-1 for California and Exhibit C-2 for Florida, Illinois and New York

## EXHIBIT C-1

### California Amendment to Management Agreement

Company and P C acknowledge and agree that the Center is located in and will be operated in the state of California In recognition of the requirements applicable under California law relating to the practice of medicine, the parties to the attached "AFC Doctors Express" Management Agreement (the "Management Agreement") agree as follows

1 In Section 4 9 of the Management Agreement, the last sentence of subsection 4 9(a) is deleted and subsection 4 9(b) is deleted in its entirety

2 In Section 5 1 of the Management Agreement, Section 5 1(a) is deleted in its entirety and is replaced with the following new Section 5 1(a)

> (a) In consideration of the Company (i) licensing to the P C the use of Equipment, (ii) permitting the P C to operate the Center and perform professional medical services on the real property, (iii) granting to the P C the right to use the personal property and leasehold improvement at the Premises, and (iv) providing all other services described in this Agreement, the P C hereby agrees to pay to the Company a monthly Management Fee that shall be equal to [_____ **Dollars ($____)**] The Management Fee shall be paid in accordance with Section 4 4(d) In the event that in any month the P C 's Revenue (including the current month's interest earned on the P C 's Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P C shall be obligated to pay such amount until fully paid in accordance with Section 4 4(d) The parties agree that the Management Fee represents the fair market value of the items and services provided under this Agreement Further, the parties acknowledge that the Management Fee is not based upon, or in no way take into account, the volume or value of referrals to the Center or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Center

3 In Section 11 of the Management Agreement, subsections 11(a) and 11(b) are deleted in their entirety

**IN WITNESS WHEREOF**, and intending to be legally bound, the parties hereto affix their signatures below and execute this California Amendment to the Management Agreement under seal

| **[P C ]** | **[AFC FRANCHISING, LLC FRANCHISEE ENTITY / "Company"]** |
|---|---|
| By _____ | By _____ |
| Its President | Its _____ |
| Date _____ | Date _____ |

## EXHIBIT C-2

### Amendment to Management Agreement for the States of Florida, Illinois and New York

Company and P C acknowledge and agree that the Center is located in and will be operated in the state of _____ In recognition of the requirements applicable under such state's law relating to the practice of medicine, the parties to the attached "AFC Doctors Express" Management Agreement (the "Management Agreement") agree as follows

1 In Section 5 1 of the Management Agreement, Section 5 1(a) is deleted in its entirety and is replaced with the following new Section 5 1(a)

> "(a) In consideration of the Company (i) licensing to the P C the use of Equipment, (ii) permitting the P C to operate the Center and perform professional medical services on the real property, (iii) granting to the P C the right to use the personal property and leasehold improvement at the Premises, and (iv) providing all other services described in this Agreement, the P C hereby agrees to pay to the Company a monthly Management Fee that shall be equal to **[_____ Dollars ($_____)]** The Management Fee shall be paid in accordance with Section 4 4(d) In the event that in any month the P C 's Revenue (including the current month's interest earned on the P C 's Revenue) is insufficient to pay fully the monthly Management Fee, the unpaid amount of the Management Fee shall accrue each month, and the P C shall be obligated to pay such amount until fully paid in accordance with Section 4 4(d) **[NOTE *it is contemplated that the management fee will be a large number, the use of which will approximate the original business aims of the parties* ]"**

2 In Section 11(f) of the Management Agreement, "forty-five (45) days" is deleted and replaced with "ninety (90) days", so that the paragraph reads as follows

> "(f) The Company may terminate this Agreement at any time, with or without cause, by giving the P C ninety (90) days' prior written notice "

**IN WITNESS WHEREOF**, and intending to be legally bound, the parties hereto affix their signatures below and execute this State Amendment to the Management Agreement under seal

| **[P C ]** | **[AFC FRANCHISING, LLC FRANCHISEE ENTITY / "Company"]** |
|---|---|
| By _____ | By _____ |
| Its President | Its _____ |
| Date _____ | Date _____ |

# EXHIBIT C

# CONVERSION ADDENDUM

## CONVERSION ADDENDUM TO THE AFC FRANCHISING, LLC FRANCHISE AGREEMENT

**THIS CONVERSION ADDENDUM** to the AFC Franchising, LLC Franchise Agreement ("**Franchise Agreement**") by and between AFC Franchising, LLC ("AFCF" or "us" or "we") and _____ ("Franchisee" or "you") is entered into simultaneously with the Franchise Agreement

Preamble and Background

A You currently own and operate an existing urgent care center at the Premises ("**Existing Center**"), and you wish to convert the Existing Center to an "American Family Care Urgent Care Center" and to manage it under our system for the development and management of urgent care centers

B You and we entered in to the Franchise Agreement for this purpose, and are also entering into this Addendum to modify certain terms of the Franchise Agreement to provide for the conversion of the Existing Center to an "American Family Care Urgent Care Center," and to reflect that the Franchised Business described in the Franchise Agreement is for you to manage the converted urgent care center as an "American Family Care" urgent care management business (the "**Franchised Business**")

C All capitalized terms in this Addendum will have the same meaning as in the Franchise Agreement

**NOW, THEREFORE,** the parties, intending to be legally bound, agree as follows

1 The Premises and Approved Location The Existing Center is the Approved Location, which is identified in Exhibit A of the Franchise Agreement The second sentence of Section 1 1 and the first two paragraphs of Section 2 1 of the Franchise Agreement are deleted The Site Selection Addendum is not applicable and we will not provide you with any site selection assistance

2 Initial Franchise Fee Paragraph four of Exhibit A of the Franchise Agreement is deleted and replaced by the following

"4 The initial franchise fee shall be Forty-One Thousand Two Hundred Fifty Dollars ($41,250)

3 Conversion of Existing Center Notwithstanding anything to the contrary in the Franchise Agreement, the parties acknowledge and agree that, as you are converting the Existing Center and not developing a new urgent care center, we will not be providing you with the assistance described in Sections 2 2(a) (regarding site plans for new development) and 2 2(b) (regarding assistance with permitting requirements) The parties further agree to the following

a We will evaluate the Existing Center and your business operations that manage and support the Existing Center, and will prepare and provide you with a schedule of required modifications and upgrades to the Existing Center and your business operations, which you must complete in order to convert the Existing Center to an "American Family Care Urgent Care Center" and to manage your center as an "American Family Care" urgent care center management business Such changes and upgrades may include, without limitation modifications and upgrades to patient waiting areas, registration areas, and patient rooms, installing new fixtures, furnishings, and signage, purchasing and adding to the Existing Center new and/or upgraded equipment for medical and health occupational treatment and care or other Operating Assets, upgrading and/or replacing your computer equipment to comply with our specifications for Computer Systems, and removal of fixtures, furnishings, and equipment that do not comply with our required standards and specifications (together, the "**Conversion Plan**")

b You must not operate the Franchised Business or otherwise operate the Existing Center using the Marks until you have completed the Conversion Plan, and obtained our written approval and are otherwise in compliance with Section 2 5 of the Franchise Agreement

c The parties agree that references in the Franchise Agreement to "opening the Franchised Business", "open the Franchised Business for business," or similar references will mean the date on which you first begin to operate the Franchised Business with the public under the identification of the Marks after having received our written approval to do so You must complete the Conversion Plan, complete all other pre-opening requirements of the Franchise Agreement (including, without limitation, training requirements), have obtained our written approval to begin operating the Franchised Business, and have begun operating the Franchise Business with the public under the identification of the Marks by no later than six (6) months from the Effective Date of the Franchise Agreement

4 Royalty and Marketing Fund Contributions You and we agree that your Royalty obligations under Section 3 2 and Marketing Fund Contributions under Section 9 2 of the

Franchise Agreement will begin upon the Opening Date, based on the Franchised Business' Gross Sales beginning as of the Opening Date

5 Additional Acknowledgements You represent and warrant that neither you nor the Existing Center were associated with, a party to a contract with or otherwise obligated to any third party pursuant to a license, franchise, joint venture, marketing or other such agreement

6 Integration and Effect This Addendum is an integral part of, and be incorporated into, the Franchise Agreement as if fully set forth therein The provisions of this Addendum will govern, control, and supersede any inconsistent or conflicting provisions of the Franchise Agreement Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

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

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

_____

[Name]

By _____

Title _____

Dated _____

## EXHIBIT D

## LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state laws If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states

| | |
|---|---|
| **CALIFORNIA**<br>Department of Business Oversight<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>(866) 275-2677 (toll free) | **MARYLAND**<br>Office of the Attorney General<br>Securities Division<br>200 St Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360 |
| **HAWAII**<br>Commissioner of Securities of the State of Hawaii<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **MICHIGAN**<br>Michigan Attorney General's Office<br>Consumer Protection Div , Franchise Section<br>525 West Ottawa Street<br>G Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48913<br>(517) 373-7117 |
| **ILLINOIS**<br>Franchise Bureau<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | **MINNESOTA**<br>Commissioner of Commerce<br>Department of Commerce<br>85 7th Place East, Suite 500<br>St Paul, Minnesota 55101<br>(651) 296-4026 |
| **INDIANA**<br>Secretary of State<br>Franchise Section<br>302 West Washington, Room E-111<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **NEW YORK**<br>Office of the New York State Attorney General<br>Investor Protection Bureau – Franchise Section<br>120 Broadway, 23rd Floor<br>New York, New York 10271<br>(212) 416-8236 |
| **NORTH DAKOTA**<br>North Dakota Securities Department<br>600 Boulevard Avenue, State Capitol<br>Fifth Floor, Dept 414<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 | **VIRGINIA**<br>Director, Securities and Retail Franchising Division<br>State Corporation Commission<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219<br>(804) 371-9051 |
| **RHODE ISLAND**<br>Department of Business Regulation<br>Securities Division<br>Bldg 69, First Floor<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9585 | **WASHINGTON**<br>Department of Financial Institutions<br>Securities Division – 3rd Floor<br>150 Israel Road, S W<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| **SOUTH DAKOTA**<br>Department of Labor and Regulation<br>Division of Securities<br>445 E Capitol Avenue<br>Pierre SD 57501<br>(605) 773-4823 | **WISCONSIN**<br>Office of the Commissioner of Securities<br>201 W Washington Ave , Suite 300,<br>Madison, Wisconsin 53703<br>(608) 261-9555 |

## EXHIBIT E

## AGENTS FOR SERVICE OF PROCESS

Our agent for service of process is Donald Bruce Irwin, located at 3700 Cahaba Beach Road, Birmingham, Alabama 35242 (205) 403 8902 Additionally, we intend to register this Disclosure Document as a 'franchise in some or all of the following states, in accordance with the applicable state law If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states

| | |
|---|---|
| **CALIFORNIA**<br>Department of Business Oversight<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>(866) 275-2677 (toll free) | **MARYLAND**<br>Maryland Securities Commissioner<br>200 St Paul Place<br>Baltimore, Maryland 21202-2020<br>(410) 576-6360 |
| **HAWAII**<br>Commissioner of Securities of the State of Hawaii<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **MICHIGAN**<br>Michigan Attorney General's Office<br>Consumer Protection Div , Franchise Section<br>525 West Ottawa Street<br>G Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48913<br>(517) 373-7117 |
| **ILLINOIS**<br>Illinois Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | **MINNESOTA**<br>Commissioner of Commerce<br>85 7th Place East, Suite 500<br>St Paul, Minnesota 55101<br>(615) 296-4026 |
| **INDIANA**<br>Indiana Secretary of State<br>201 State House<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | **NEW YORK**<br>New York State Department of State<br>ATTN New York Secretary of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, New York 12231-0001<br>(518)473-2492 |
| **NORTH DAKOTA**<br>North Dakota Securities Commissioner<br>600 Boulevard Avenue, State Capitol<br>Fifth Floor<br>Bismarck, North Dakota 58505-0510 | **VIRGINIA**<br>Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, Virginia 23219<br>(804) 371-9733 |
| **RHODE ISLAND**<br>Director of Department of Business Regulation<br>Department of Business Regulation<br>Securities Division<br>Bldg 69, First Floor<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9585 | **WASHINGTON**<br>Director of Department of Financial Institutions<br>Securities Division – 3rd Floor<br>150 Israel Road, S W<br>Tumwater, Washington 98501<br>(360) 902-8760 |
| **SOUTH DAKOTA**<br>Department of Labor and Regulation<br>Division of Securities<br>445 E Capitol Avenue<br>Pierre SD 57501<br>(605) 773-4823 | **WISCONSIN**<br>Wisconsin Commissioner of Securities<br>Department of Financial Institutions<br>Division of Securities<br>201 W Washington Ave , Suite 300,<br>Madison, Wisconsin 53703<br>(608) 261-9555 |

## EXHIBIT F

## LIST OF CURRENT FRANCHISEES

Paul Arvanitis
760 Otay Lakes Road
Chula Vista, CA 91910
(619) 821-2300

Vic Nazreian
16912 San Fernando Mission Blvd
Granada Hills, CA 91344
866-729-0956

Thomas Cusumano and Joe Gehman
5763 Stevenson Blvd
Newark, CA 94560
(510) 656-5700

Jean Lacombe
191 E Alessandro Blvd, Suite 9A
Riverside, CA 92508
(951) 749-5511

Paul Arvanitis
5671 Balboa Avenue
San Diego, CA 92111
(858) 800-2880

Curtis & Lupe Hafner
19042 Soledad Canyon Rd , Suite A
Santa Clarita, CA 91350
(661) 251- 6300

Paul Arvanitis
10538 Mission Gorge Rd , Suite 100
Santee, CA 92071
(619) 456-0033

Steve Nitchen,
8006 E Araphoe Rd , Suite 100
Centennial, CO 80112
(303) 220-9168

Darius and Sheida Kerman
1295 Colorado Blvd
Denver, CO 80206
303-639-1000

Irit Karsh and Robert Schiermeyer
901 W Hampden Ave #103
Englewood, CO 80110
(303) 761-1699

Darius & Sheida Kerman
760 S Colorado Blvd
Glendale, CO 80246
(303) 692-8000

Robert Reflogal
12105 Alameda Pkwy, Suite 100
Lakewood, CCO 80228
207-408-6189

Steve Heffer
161 Boston Avenue
Bridgeport, CT 06610
(203) 333-4400

Tom Kelly and Ron Krippner
2 Main St
Danbury, CT 06810
(203) 826-2140

Tom Kelly and Ron Krippner
100 Mill Plain Road
Danbury, CT 06811

Steve Heffer
1910 Blackrock Turnpike
Fairfield, CT 06825

Tom Kelly, Ron Krippner
135 East Main Street
New Britain, CT 06051
860-484-9195

Kenneth Goldberg
607 Main Avenue
Norwalk, CT 06851

Brad Radulovacki
3000 Summer Street
Stamford, CT 06905
(203) 969-2000

Syed Hussain, Tim Kelly and Ron Krippner
1030 Boulevard
West Hartford, CT 06119
(860) 986-6440

Paul Peiffer
1500 McMullen Booth Rd , Ste A1-A2
Clearwater, FL 33759
(727) 266-1266

Manuel Perez
2004 N Flamingo Rd , Suite 40
Pembroke Pines, FL 33028
(954) 450-8500

Ozzy Ozgun
7101 US 19 North
Pinellas Park, FL 33781
941-301-6644

Gary & Daisy Steadman
1530 4th Street North
St Petersburg, FL 33704
(727) 821-8700

Richard Kimsey
2901 S Tamiami Trail
Sarasota, FL 34236
(941) 364-4379

Emad & Mina Yousef
6182 Gunn Hwy
Tampa, FL 33625
(813)960 1100

Mansoor Tahir
3161 N Rock Road, Suite A
Wichita, KS 67226
(316) 440-2712

Rick & Ginni Morani
3059 Solomon's Island Rd , Suite F-2
Edgewater, MD 21037
(410) 956 3394

Connor Ferguson
1860 Reisterstown Rd, Suites A and B
Pikesville, MD 21208
(410) 484-4044

Sumner Miller
2219 York Rd
Timonium, MD 21093
(410) 453-0002

Moushmi Soleja, Scharukh Jalisi
1398 Massachusetts Avenue, Unit 31
Arlington, MA 02474
617-953-5818

Kevin & Lee Moehlenkamp
485 Granite St
Braintree, MA 02184
(781) 848-2273

Dave Adams
90 Middlesex Turnpike
Burlington, MA 01803
(781) 270-700

Richard Crews and Jim Brennan
370 Providence Hwy
Dedham, MA 02026-1875
(781) 461-0200

Bill Poulakis and Scott Sheridan
219 Centre Street
Malden, MA 01248
(781) 322-7300

Bing & Winnie Yeo
42 Boston Post Road West
Marlborough, MA 01752
(508) 658-0764

Tom Delacey
381 Merrimack St
Methuen, MA 01844

Bing & Winnie Yeo
945 Worcester Street
Natick, MA 01760
(508) 863-3480

Richard Crews and Jim Brennan
119 Coggeshall Street
New Bedford, MA 02746

Tom Delacey and Greg Santini
129 Turnpike St
North Andover, MA 01845
(978) 470-0800

Richard Crews and Jim Brennan
358 Broadway, Ste E-F
Saugus, MA 01906
(781) 233-1000

Richard Crews and Jim Brennan
415 Cooley St, Unit #3
Springfield, MA 01128
(413) 782-4878

Dave Adams
16 Main Street
Stoneham, MA 02180
781-279-4000

Dave Adams
1030 Main St
Waltham, MA 02451
(781) 894-6900

Moushmi Soleja
376 Arsenal St
Watertown, MA 02472
(617) 923-2273

Richard Crews and Jim Brennan
18 Union St
West Springfield, MA 01089
(413) 781-0100

Richard Crews and Jim Brennan
115 Stafford Street
Worcester, MA 01603

Jeff Maurer
465 S Mount Auburn Rd , Suite 103
Cape Girardeau, MO 63703
(573) 335-2900

Larry and Cynthia Hald
4004 N 132nd Street
Omaha, NE 68164

Mark Zenz
601 Union Ave
Bound Brook, NJ 08805
(732) 469-3627

Frank Lauletta and Frank Semiraglio
2001 College Drive, Ste 11
Clementon, NJ 08021
(856) 238-5093

Surendra Pai
128 Columbia Turnpike
Florham Park, NJ 07932
(973)377 9366

Laura Fabbro
2222 Route 33
Hamilton, NJ 08690
(609) 890-4100

Rajesh Khettry and Rakesh Khettry
560 New York Ave
Lyndhurst, NJ 07071
(201) 345-3839

Rajesh Khettry and Rakesh Khettry
2100 88th Street
North Bergen, NJ 07047

Joe & Jennifer Castelano
Gurland Plaza, 67 E Ridgewood Ave
Paramus, NJ 07652
(201) 262-2010

Frank Laulette, Sal Lopresti, and Joseph Lauletta
475 Huffville-Crosskeys Road
Sewell, NJ 08080

Albert Saad
907 Oak Tree Avenue, Ste H
South Plainfield, NJ 07080
(908) 222-3500

Albert Saad
464 Eagle Rock Avenue, Ste C
West Orange, NJ 07052
(973) 669-5000

Frank Lauletta, Salvatore Lopresti, Joseph Lauletta
165 South Blackhorse Pike
Williamstown, NJ 08094
856-404-2612

Dan Purugganan
843 Hutchinson River Pkwy
Bronx, NY 10465
(718) 925-4400

Dionisio/Schwartz
2310 Hempstead Turnpike
East Meadow, NY 11554
516-346-5090

Dan & Vicki Purugganan
359 N Central Ave
Hartsdale, NY 10530
(914) 448-2273

Rajesh Gupta
3379 Crompond Road
Yorktown Heights, NY 10598
914-930-5550

John & Lisa Cotter
101 Maynard Crossing Ct
Cary, NC 27513
(919) 651-9867

Guru Sankar
14278 SW Allen Blvd
Beaverton, OR 97005
503-305-6262

Guru Sankar
17437 SW Boones Ferry Rd
Lake Oswego, OR 97035
(503) 305-6262

Guru Sankar
25 NW 23rd Ave , Suite 11
Portland, OR 97210
(503) 305-6262

Guru Sankar
7033 NE Sandy Blvd
Portland, OR 97213
(503) 766-5787

Dan Savadove
5024 Pennell Road
Aston, PA 19014
484-766-3502

Jeff & Mabel Evons
150 E Pennsylvania Ave , Suite 140
Downingtown, PA 19335
(610) 518-1060

Jeff Evons
934 Montgomery Ave
Narberth, PA 19072
(484) 270-8600

Jeff Evons and Arthur Raporte
1436 W Passyunk Ave
Philadelphia, PA 19145
(610) 518-1100

Dennis Kuhns
265 Schuylkill Road
Phoenixville, PA 19460
(610) 255-7805

Vincent & Mary Morreale
874 Butler Street
Pittsburg, PA 15223
(412) 781-5600

Jeff Evons
510 E Gay Street
West Chester, PA 19380

Daniel Robinson
272 Robert Smalls Pkwy, Suite 320
Beaufort, SC 29906
(843) 521-4357

Dawn & Karen Richardson
3304 Forest Drive
Columbia, SC 29204
(803) 787-3901

Tim and Lisa Groves
5208 Calhoun Memorial Highway, Ste B
Easley, SC 29640
864-307-86722

Bon Secours Ambulatory Services
3213 N Pleasantburg Dr
Greenville, SC 29609
(864) 423-8190

Tim & Lisa Groves/Bon Secours Ambulatory Svcs
1467 Woodruff Rd , Suite C
Greenville, SC 29605
(864) 548-8126

Tim & Lisa Groves/Bon Secours Ambulatory Svcs
1494 West Wade Hampton Blvd, Ste C
Greer, SC 29650
(864) 849-8999

Tim & Lisa Groves/Bon Secours Ambulatory Svcs
3930 Grandview Drive
Simpsonville, SC 29860
(864) 305-4870

Larry Kugler, John Kugler, Jack Fromm, John Tacker
1511 Gunbarrel Rd
Chattanooga, TN 37421
(423) 531-0911

Larry Kugler, John Kugler, Jack Fromm, John Tacker
170 Mouse Creek Rd
Cleveland, TN 37312
(423) 458-1426

Larry Kugler, John Kugler, Jack Fromm, John Tacker
5239 Hwy 153
Hixson, TN 37343
(423) 486-1911

Jim Harper
5475 Poplar Ave , Suite 106
Memphis, TN 38119
(901) 254-8040

Larry Kugler, John Kugler, Jack Fromm,
John Tacker
713 Winfield Dunn Parkway
Sevierville, TN 37876
423-240-8396

Zikar Maredia
8800 N Highway 146
Baytown, TX 77523
281-573-4100

Zikar Maredia
3195 Dowlen, Suite 105
Beaumont, TX 77706
(409) 860-1888

Shaun Gill and Jaswant & Balbindar Gill
10850 Louetta Rd , Suite 500
Houston, TX 77070
(281) 320-2338

Zikar Maredia
5568 Wesalayn St
Houston, TX 77005
(713) 666-7050

Shaun Gill and Jaswant & Balbindar Gill
107 Yale St , Suite 200
Houston, TX 77007
(713) 861-6060

Ed Sims and Pam Owens
2315 E Southlake Blvd , Suite 110
Southlake, TX 76092
(817) 488-9922

Vicki & Pat Langan
Wildflower Court, 3614 SW HK Dodgen Loop
Temple, TX 76504
(254) 295-0117

Ahmad Nusrat
334 Elden Street
Herndon, VA 20170
571-665-4000

John & Cindy Gilliam, Steven Osborne and Serge
Depret-Giullaume
602 Brandon Ave SW, Suite 222
Roanoke, VA 24015
(540) 774-0000

Keith & Rhonda Pellicano
4167 Merchant Plaza
Woodbridge, VA 22192
(703) 878-8800

Glen Fauntleroy and David Patti
18012 West Valley Hwy
Kent, WA 98032
(425) 291-3300

Mark Damico
1700 Coral Drive, Ste A
Waukesha, WI 53186
(262) 324-1024

## EXHIBIT G

## LIST OF FORMER FRANCHISEES

Below are franchisees who had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement 2015 (through the FDD issuance date), or have not communicated with us (or our Predecessor) within 10 weeks of the date of this Disclosure Document

Chris and Theone Rutledge
1800 Howell Mill Rd , Ste 130
Atlanta, GA 30318
(404) 355-8775

Brian Stanton
7411 N Keystone Avenue
Indianapolis, IN 46240
(317) 259-4616

Brian Stanton
10950 Pendleton Pike
Indianapolis, IN 46236
(317) 826-7425

Nanette & Bob Rose
1231 Eastchester Dr , Suite 120
High Point, NC 27265
(336) 884-4050

Mark Duffer, Jeff Hart
3802 Paxon Ave , Suite 1
Cincinnati, OH 45209
(513) 559-9700

Earl & Dottie Reed
7609B Richmond Hwy
Alexandria, VA 22306
(703) 598 2544

# EXHIBIT H

# FINANCIAL STATEMENTS

**(See attached)**

# UNAUDITIED FINANCIAL STATEMENT

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

**AFC FRANCHISING, LLC**

---

**FINANCIAL STATEMENTS**
**AS OF AND FOR THE YEARS ENDED**
**NOVEMBER 30, 2016 AND 2015**

PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

AFC FRANCHISING, LLC
TABLE OF CONTENTS


| | Page |
|---|---|
| INDEPENDENT AUDITORS REPORT | 3 |
| FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015 | |
| Balance Sheets | 5 |
| Statements of Income | 6 |
| Statements of Member's Equity | 7 |
| Statements of Cash Flows | 8 |
| Notes to Financial Statements | 9 |


PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

J. Wray Pearce, CPA
Harold L. Bevill, CPA (1946-1992)
Charles W. Leesburg, CPA, MBA
Stephen L. Moore, CPA
Tommy B. Beam, CPA
W. Glenn Bridges, Jr. CPA, MBA
Hal (Barr) Cocus, III, CPA
Stephen B. Jones, JD, CPA, CVA
Joseph M. Lassiter, CPA
David T. Williams, CPA
Jeffrey R. Thornton, CPA
W. Robert Cook, CPA/ABV
Michael B. Hawkins, CPA/ABV
Carlos G. McDonald, CPA
Robin A. Waldrop, CPA
Justin K. Berry, CPA
James R. (Rob) Shirley, CPA
Jam s Norris, CPA

PEARCE BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

110 Office Park Drive, Suite 100
Birmingham, Alabama 35223-2402
205-323-5440 / fax 205-328-8523
www.pearcebevill.com

Matt Andrews, CPA
Brittany Bingel, CPA
Shannon D. Brewer, CPA
Haley B. Buck, CPA
Chase Campbell, CPA
Patrick L. Dodd, CPA
James W. Ezell, Jr., CPA
Delphine E. Ford, CPA
Cas y Gedmundas, CPA
Kelly Higginbotham, CPA
Tyler B. Jenkins, CPA, CFE
Donna Jordan, CPA
Jacob F. Julian, IV, CPA
Emily L. McEwen, CPA
Heather Mehs n, CPA
Karen A. Moore, CPA
Samantha Peters, CPA
Glover Graham Pope, CPA, CTFP
Sarah B. Propper, CPA
Misti B. Rasmussen, CPA
Tony L. Rayf ld, CPA, CGMA
Jeffery S. Smith, CPA
Emily E. Stein, CPA
Jenna B. Strickler, CPA
Dougla K. Ulsh r, CPA, CVA, DABFA
Matthew H. Young, CPA
Thomas C. Z ubchen, CPA, MBA, CGMA

## INDEPENDENT AUDITORS' REPORT

AFC Franchising, LLC
Birmingham, Alabama

We have audited the accompanying balance sheets of AFC Franchising, LLC, (an Alabama company) as of November 30, 2016 and 2015, and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the financial statements

### Management's Responsibility for the Financial Statement

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies use and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion



Members:
- The American Institute of Certified Public Accountants
- The Alabama Society of Certified Public Accountants
- PCPS The AICPA Alliance for CPA Firms
- National CPA Health Care Advisors Association

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFC Franchising, LLC as of November 30, 2016 and 2015 and the changes in its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Pearce, Bevill, Leesburg, Moore, P.C.

February 15, 2017



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

**AFC FRANCHISING, LLC**
**BALANCE SHEETS**
**AS OF NOVEMBER 30 2016 AND 2015**

**ASSETS**

| | 2016 | 2015 |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | $ 2,685 921 | $ 196,320 |
| Restricted cash | 1,335,249 | 1,532 109 |
| Accounts receivable, net of allowance for doubtful accounts of $162,347 and $29 408 respectively | 672,959 | 594,400 |
| Due from sole member | 275,331 | 946 655 |
| Prepaid expenses | 59,724 | 22,504 |
| Current portion of notes receivable | 155,151 | 107 370 |
| Total current assets | 5 184 335 | 3 399,358 |
| Long term portion of notes receivable | 107 034 | 150 971 |
| Property and equipment, net of accumulated depreciation of $8 326 and $5,301, respectively | 7 433 | 10 458 |
| Goodwill net of accumulated amortization of $1 665,300 and $1 110,200 respectively | 3 885 700 | 4 440 800 |
| Intangible assets net of accumulated amortization of $424,367 and $304 467, respectively | 2,242,133 | 2,362,033 |
| TOTAL ASSETS | $ 11 426 635 | $ 10 363 620 |

**LIABILITIES AND MEMBER'S EQUITY**

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable | $ 591 972 | $ 359 679 |
| Accrued expenses | 667 145 | 406 868 |
| Due to Marketing Fund | 1,324 407 | 1 517,390 |
| Due to Franchise Advisory Council Fund | 10,842 | 14,719 |
| Deferred income | 1 096 000 | 800,250 |
| TOTAL CURRENT LIABILITIES | 3,690,366 | 3 098,906 |
| MEMBER S EQUITY | 7,736,269 | 7 264,714 |
| TOTAL LIABILITIES AND MEMBER S EQUITY | $ 11 426 635 | $ 10 363 620 |

See independent auditors report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

## AFC FRANCHISING, LLC
## STATEMENTS OF INCOME
## FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| REVENUE | | |
| Royalties | $ 8,536,244 | $ 7 756 889 |
| New franchise fees | 555,000 | 540 000 |
| | 9 091,244 | 8 296,889 |
| COMMISSIONS | (2,862,463) | (2,377 253) |
| NET REVENUE | 6,228 781 | 5 919 636 |
| OPERATING EXPENSES | | |
| Advertising | 519,428 | 366,746 |
| Automobile expense | 28 030 | 25,272 |
| Bad debt expense | 132,938 | 122,534 |
| Bank fees | 13,633 | 11 419 |
| Building repair and maintenance | 855 | 2,394 |
| Conferences | 2,032 | |
| Depreciation and amortization expense | 678 024 | 678 025 |
| Dues and subscriptions | 17 195 | 13 609 |
| Employee benefits | 8,963 | 8,255 |
| Franchise management fee | 420 000 | 420,000 |
| Insurance | 54 872 | 57,595 |
| Licenses and fees | 1,850 | 2,545 |
| Meals and entertainment | 47 820 | 26.698 |
| Miscellaneous expense | 8,507 | 2 142 |
| Office supplies | 10 646 | 6 263 |
| Payroll taxes | 61 397 | 75 093 |
| Postage | 6,766 | 4 284 |
| Professional fees | 143,777 | 142,101 |
| Purchased services | 21,347 | 8 416 |
| Salaries and wages | 839 959 | 858,499 |
| Travel | 194 316 | 194,936 |
| Utilities | 88 569 | 74,489 |
| TOTAL OPERATING EXPENSES | 3,300,924 | 3,101,315 |
| NET OPERATING INCOME | 2 927 857 | 2,818,321 |
| OTHER INCOME (EXPENSE) | | |
| Miscellaneous income | 203,208 | 304,329 |
| Interest income | 12,373 | 16,571 |
| Interest expense | | (88 493) |
| NET OTHER INCOME | 215,581 | 232,407 |
| NET INCOME | $ 3 143,438 | $ 3 050,728 |

See independent auditors' report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

AFC FRANCHISING, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

| | Member's Equity |
|---|---|
| Balance at December 1 2014 | $ 5 830,773 |
| Contribution from sole member | 2 025,205 |
| Distribution to sole member | (3,641,992) |
| Net income | 3 050 728 |
| Balance at November 30 2015 | 7,264 714 |
| Contribution from sole member | 2 661 477 |
| Distribution to sole member | (5,333,360) |
| Net income | 3,143 438 |
| Balance at November 30 2016 | $ 7 736 269 |

See independent auditors report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

AFC FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 3 143 438 | $ 3 050 728 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation expense | 3 025 | 3 024 |
| Amortization expense | 675,000 | 675 000 |
| Bad debt expense | 132,938 | 122 534 |
| Increase (decrease) in assets | | |
| Accounts receivable | (211 497) | (304 226) |
| Prepaid expenses | (37,220) | (9 117) |
| Due from sole member | 671,324 | 1,269 127 |
| Notes receivable | (3,844) | 141 659 |
| Increase (decrease) in liabilities | | |
| Accounts payable | 232,293 | 63 669 |
| Accrued expenses | 260,277 | 295 286 |
| Due to Marketing Fund | (192,983) | 637 179 |
| Due to Franchise Advisory Council Fund | (3 877) | (2 124) |
| Deferred income | 295,750 | 262,750 |
| Settlement payment due to broker | | (2 100 000) |
| CASH PROVIDED BY OPERATING ACTIVITIES | 4 964 624 | 4 105 489 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contribution from sole member | 2 661 477 | 2 025 205 |
| Distribution to sole member | (5,333,360) | (3 641 992) |
| Payments on long term debt | | (2 000 000) |
| CASH USED FOR FINANCING ACTIVITIES | (2 671 883) | (3 616 787) |
| NET INCREASE IN CASH | 2,292 741 | 488 702 |
| CASH AT BEGINNING OF YEAR | 1 728 429 | 1 239 727 |
| CASH AT END OF YEAR | $ 4,021,170 | $ 1,728 429 |
| CASH PAID DURING THE YEAR FOR | | |
| Interest | $ | $ 100 000 |

See independent auditor's report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Note 1 - Description of Business**

On April 15, 2013, AFC Franchising, LLC ("the Company") an Alabama limited liability company and wholly-owned subsidiary of American Family Care, Inc acquired certain assets and liabilities of DRX Urgent Care, LLC The acquisition was paid for with cash and a note payable to DRX Urgent Care, LLC

The Company is a national accessible primary and urgent care franchise system The business offers and sells franchises and provides products and support to its franchisees The franchised urgent care centers provide various levels of patient care services provided by a physician which include urgent and/or accessible primary care As of November 30, 2016 and 2015, the Company had a total of 101 and 91, respectively, operating franchised urgent care centers

The Company franchises urgent care centers located across the United States The Company currently does not operate any urgent care centers The franchised centers operate under a franchise agreement with an initial term expiring 15 years from the effective date of the franchise agreement.

**Note 2 - Summary of Significant Accounting Policies**

Estimates and Assumptions
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements Actual results could differ from those estimates

Fair Value of Financial Instruments
Fair value is a market based measurement, not an entity-specific measurement Therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows

*Level 1*- Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access

**Note 2 – Summary of Significant Accounting Policies – Continued**

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models quoted prices of securities with similar characteristics, or discounted cash flows

*Level 3* – Inputs that are unobservable inputs for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of fair value hierarchy the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety

Cash and Cash Equivalents
For purposes of reporting cash and cash equivalents, the Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents

Restricted Cash
Certain amounts of cash are restricted for use in accordance with purposes set forth within the franchise agreements

Concentrations and Credit Risk
The Company maintains checking accounts with quality financial institutions At times, cash balances may exceed the amount insured by the Federal Deposit Insurance Corporation

Accounts Receivable
Accounts receivable are recorded when invoices are issued and are presented on the balance sheet net of the allowance for doubtful accounts The allowance for doubtful accounts is maintained in amounts required to cover anticipated losses on historical bad debt and periodic evaluation by the Company's management.

Intangible Assets
The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable Such circumstances could include, but are not limited to a significant decrease in the market value of an asset or a significant adverse change in the extent or manner in which an asset is used or in its physical condition The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with the asset Should the sum of the expected future cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized

**Note 2 - Summary of Significant Accounting Policies - Continued**

The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset The fair value is measured based on various valuation techniques, including the discounted value of estimated future cash flows The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts Intangibles that do not have indefinite lives are amortized on a straight-line basis over the estimated useful life of the assets

Goodwill

In January 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-02, Intangibles – Goodwill and Other This update provides private companies certain alternative guidance regarding accounting for Goodwill Specifically, the update provides an option to private companies to adopt guidance for the amortization of goodwill and alternative requirements for testing goodwill impairment

Under the goodwill alternative, a nonpublic entity is able to amortize goodwill on a straight line basis over a period of ten years or over a shorter period if the company demonstrates that another useful life is more appropriate Goodwill would be subject to impairment testing only upon the occurrence of a triggering event. The Company adopted this guidance for the year ended November 30, 2014 and the Company chose a ten year useful life Goodwill amortization for both years ended November 30, 2016 and 2015 was $555,100 Goodwill amortization expense per year for the next five years will be $555,100

Accrued Marketing Fund

The Company collects fees from franchisees which are used for advertising marketing, and public relations programs In accordance with the franchise agreements, all fees collected must be used for these programs Accumulated fees collected in excess of program costs are classified as current liabilities on the balance sheet. As of November 30, 2016 and 2015, the accrued marketing fund was $1,324,407 and $1,517,390, respectively

Accrued Franchise Advisory Council Fund

The Company collects fees from franchisees which are used for Franchise Advisory Council The Fund is utilized to facilitate best practices amongst the franchisees. In accordance with the franchise agreements, all fees collected must be used for the council Accumulated fees collected in excess of council costs are classified as current liabilities on the balance sheet As of November 30, 2016 and 2015, the Franchise Advisory Council Fund was $10,842 and $14,719, respectively

Initial Franchise Fees, Deferred Income and Prepaid Commissions

Upon execution of a franchise agreement, the franchisee is required to pay an initial non-refundable franchise fee to the Company The fee is recorded as deferred income until the franchisee's center has opened for operations and the Company has performed substantially all initial services required by the franchise agreement, at which time the deferred income is recognized as revenue and the prepaid initial service costs are recognized as expense The commission expense associated with the sale of an initial franchise license is recorded as a deduction of deferred revenue until the franchisee's center has opened for operations, at which time the prepaid commission is recognized as expense For the years ended November 30, 2016 and 2015, $555,000 and $540,000 were recognized as revenue, respectively, and $195,750 and $133,750 were recognized as commissions expense, respectively

Income Taxes

The Company is treated as a single member limited liability company for federal income tax purposes Consequently, federal income taxes are not payable, or provided for, by the Company The sole member is taxed individually on the Company's earnings

If the Company takes uncertain tax positions that do not meet the recognition criteria, it records a liability for the underpayment of income taxes and related interest and penalties As part of the asset purchase, no tax assets or liabilities were assumed Therefore, the Company recognized no liability for uncertain tax positions as of the balance sheet date

**Note 3 - Acquisition**

Effective April 15, 2013, the Company acquired substantially all the assets and assumed certain liabilities of DRX Urgent Care, LLC The purchase price paid by the Company was $8,000,000 The acquisition of DRX Urgent Care, LLC has been accounted for as a business combination using the acquisition method of accounting, whereby the purchase price has been allocated to tangible and intangible assets acquired and liabilities assumed based on their estimated fair market values Fair-value measurements have been applied based on assumptions that market participants would use in the pricing of the asset or liability The following table summarizes the fair values assigned to the net assets acquired as of the April 15, 2013 acquisition date

| | |
|---|---|
| Total Consideration | $ 8,000,000 |
| Fair Value of Assets Acquired and Liabilities Assumed | |
| Restricted cash | 402,313 |
| Tradename | 868,000 |
| Franchise agreements | 1,581,000 |
| Marketing fund | (394,808) |
| Franchise Advisory Council fund | (7,505) |
| Net assets acquired | 2,449,000 |
| Excess Purchase Price Attributed to Goodwill | $5,551,000 |

No liabilities were assumed associated with legal contingencies as part of the acquisition Additionally, as part of the asset purchase, no tax assets or liabilities were assumed

**Note 4 - Notes Receivable**

The Company entered into a Settlement Agreement and Release (the Release") with a franchisee effective November 30, 2014 The franchisee wanted to terminate their Franchise Agreement with the Company The Release terminated the Franchise Agreement, and the franchisee agreed to pay the Company $400,000 The Franchisee paid $50,000 on December 3, 2014 with the remainder being paid in 167 equal weekly payments of $2,303, inclusive of interest at 6% The note matures in March 2018

During 2016 the Company entered into two note agreements with franchisees The Company provided operating cash and rolled certain accounts receivable into the notes The notes bear interest at 6% and will be paid in weekly installments totaling $4,153 The notes mature through July 2019

At November 30, 2016 and 2015, the Notes Receivable balance totaled $262,185 and $258,341, respectively

Payments due on Notes receivable over the next three years ending November 30 are as follows

| | |
|---|---|
| 2017 | $ 155,151 |
| 2018 | 80,617 |
| 2019 | 26,417 |
| | $ 262,185 |

**Note 5 - Intangible Assets**

Intangible assets as of November 30, 2016 and 2015 consist of tradename, franchise agreements and master territory buyback agreements Balances and related accumulated amortization for these assets are as follows

| | 2016 | 2015 |
|---|---|---|
| Tradename | $ 868,000 | $ 868,000 |
| Master territory buyback agreements | 217,500 | 217,500 |
| Franchise agreements | 1,581,000 | 1,581,000 |
| | 2,666,500 | 2,666,500 |
| Accumulated amortization | (424,367) | (304,467) |
| Net intangible assets | $ 2,242,133 | $ 2,362,033 |

The tradename is an indefinite lived asset. The franchise agreements and master territory buyback agreements have a life of 15 years Amortization expense on intangible assets was $119,900 for both years ended November 30, 2016 and 2015, respectively Amortization expense per year for the next five years will be $119,900

**Note 6 - Commitments and Contingencies**

The Company records accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material

The Company is currently involved as a defendant in certain legal actions The ultimate outcome of such actions cannot be determined at this time However, in view of available defenses, insurance coverage, the opinion of management and legal counsel and other factors, such outcome is not expected to have a material effect on the combined financial condition of the Company

**Note 7 - Advertising Costs**

Advertising costs are charged to operations as incurred, and for the year ended November 30, 2016 and 2015 advertising costs were $519,428 and $366,746, respectively

**Note 8 - Related Party Transactions**

Excess cash generated from operations has been advanced to the sole member and an affiliate owned by the sole member At November 30, 2016 and 2015, the amount due from the sole member was $275,331 and $946 655 respectively

The Company paid a management fee to the sole member for certain general and administrative tasks performed The management fees paid were $420,000 for both years ended November 30 2016 and 2015, respectively

**Note 9 - Subsequent Events**

Management has evaluated all subsequent events through February 15, 2017, which is the date the financial statements were available to be issued, and concluded no events or transactions occurred during the period requiring recognition or disclosure

**Note 10 – Reclassifications**

Certain reclassifications have been made to the 2015 financial statements in order to conform to the current year's format Member's equity and net income remain unchanged due to these classifications

# AFC FRANCHISING, LLC

## FINANCIAL STATEMENTS
## AS OF AND FOR THE YEARS ENDED
## NOVEMBER 30, 2015 AND 2014

PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

**AFC FRANCHISING, LLC**
**TABLE OF CONTENTS**


| | Page |
|---|---|
| INDEPENDENT AUDITORS' REPORT | 3 |
| FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014 | |
| Balance Sheets | 5 |
| Statements of Operations | 6 |
| Statements of Member's Equity | 7 |
| Statements of Cash Flows | 8 |
| Notes to Financial Statements | 9 |


PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

J. Wray Pearce, CPA
Harold L. Bevill, CPA (1946-1992)
Charles W. Leesburg, CPA, MBA
Stephen L. Moore, CPA
Tommy B. Deans, CPA
W. Glenn Bridges, Jr., CPA, MBA
Hal (Buzz) Coons, III, CPA
Stephen B. Jones, JD, CPA, CVA
Joseph M. Lassiter, CPA
David T. Williams, CPA
Jeffrey R. Thornton, CPA
W. Robert Cook, CPA/ABV
Michael B. Hankins, CPA/ABV
Carlos G. McDonald, CPA
Robin A. Waldrop, CPA
Justin K. Berry, CPA
James R. (Rob) Shirley, CPA
James Norris, CPA

PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

110 Office Park Drive Suite 100
Birmingham, Alabama 35223-2402
205 323 5440 / fax 205 328-8523
www.pearcebevill.com

Matt Andrews, CPA
Brittany Bargel, CPA
Shannon D. Browne, CPA
Daisy B. Buck, CPA
Chase Campbell, CPA
Patrick L. Dodd, CPA
James W. Ezell, Jr., CPA
Delphene E. Ford, CPA
Kelly Higginbotham, CPA
Tyler B. Jenkins, CPA, CFE
Donna Jordan, CPA
Jacob B. Julian, IV, CPA
Taylor Martin, CPA
Heather Melson, CPA
Karen A. Moore, CPA
Samantha Peters, CPA
Gilwee Graham Pope, CPA, CITP
Sarah B. Propper, CPA
Misti B. Rasmussen, CPA
Tony L. Raycraft, CPA, CGMA
Jeffery S. Smith, CPA
Emily E. Stein, CPA
Jenna B. Stricklen, CPA
Douglas K. Ulder, CPA, CVA, DABFA
Thomas C. Zechelein, CPA, MBA, CGMA

## INDEPENDENT AUDITORS' REPORT

AFC Franchising, LLC
Birmingham, Alabama

We have audited the accompanying balance sheets of AFC Franchising, LLC, (an Alabama company) as of November 30, 2015 and 2014, and the related statements of operations, member's equity and cash flows for the years then ended, and the related notes to the financial statements

### Management's Responsibility for the Financial Statement

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies use and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Members:
- The American Institute of Certified Public Accountants
- The Alabama Society of Certified Public Accountants
- PCPS The AICPA Alliance for CPA Firms
- National CPA Health Care Advisors Association

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFC Franchising, LLC as of November 30, 2015 and 2014, and the changes in its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Pearce, Bevill, Leesburg, Moore, P.C.

February 22, 2016

**AFC FRANCHISING, LLC**
**BALANCE SHEETS**
**AS OF NOVEMBER 30, 2015 AND 2014**

## ASSETS

| | 2015 | 2014 |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | $ 211,039 | $ 359,516 |
| Restricted cash Marketing Fund | 1 517 390 | 880 211 |
| Accounts receivable net of allowance for doubtful accounts of $29 408 and $49 222, respectively | 594 400 | 412,708 |
| Due from sole member | 946,655 | 2,215 782 |
| Prepaid expenses | 22 504 | 13,387 |
| Current portion of note receivable | 107,370 | 141 659 |
| Total current assets | 3,399 358 | 4 023 263 |
| Long term portion of note receivable | 150 971 | 258 341 |
| Property and equipment, net of accumulated depreciation of $5 301 and $2,277, respectively | 10 458 | 13,482 |
| Goodwill net of accumulated amortization of $1 110,200 and $555 100 respectively | 4 440 800 | 4 995 900 |
| Intangible assets net of accumulated amortization of $304 467 and $184 567 respectively | 2,362 033 | 2,481,933 |
| TOTAL ASSETS | $ 10,363,620 | $ 11,772,919 |

## LIABILITIES AND MEMBER'S EQUITY

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable | $ 359 679 | $ 296,010 |
| Accrued expenses | 406 868 | 111,582 |
| Settlement payment due to broker | - | 2 100 000 |
| Due to Marketing Fund | 1 517,390 | 880,211 |
| Due to Franchise Advisory Council Fund | 14,719 | 16,843 |
| Deferred income | 800,250 | 537,500 |
| TOTAL CURRENT LIABILITIES | 3 098,906 | 3,942 146 |
| LONG TERM DEBT | - | 2,000 000 |
| TOTAL LIABILITIES | 3 098,906 | 5,942,146 |
| MEMBER S EQUITY | 7,264,714 | 5,830,773 |
| TOTAL LIABILITIES AND MEMBER'S EQUITY | $ 10 363 620 | $ 11 772 919 |

See independent auditors' report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

## AFC FRANCHISING, LLC
## STATEMENTS OF OPERATION
## FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014

| | 2015 | 2014 |
|---|---|---|
| REVENUE | | |
| Royalties | $ 7 756 889 | $ 5,390 524 |
| New franchise fees | 540 000 | 405,000 |
| | 8,296 889 | 5 795 524 |
| COMMISSIONS | (2,377,253) | (1,530,402) |
| NET REVENUE | 5 919 636 | 4,265,122 |
| OPERATING EXPENSES | | |
| Advertising | 366 746 | 18 697 |
| Automobile expense | 25,272 | 44 943 |
| Bad debt expense | 122 534 | 51 509 |
| Bank fees | 11 419 | 8 768 |
| Building repair and maintenance | 2,394 | - |
| Computer repair and maintenance | - | 575 |
| Conferences | | 7,681 |
| Continuing education | - | 2 730 |
| Depreciation and amortization expense | 678,025 | 675,868 |
| Dues and subscriptions | 13,609 | 34,188 |
| Employee benefits | 8,255 | 9,252 |
| Franchise management fee | 420 000 | 390 000 |
| Insurance | 57,595 | 42,335 |
| Legal | - | 54,279 |
| Licenses and fees | 2,545 | 5,482 |
| Meals and entertainment | 26 698 | 26,493 |
| Miscellaneous expense | 2,142 | 2,274 |
| Office supplies | 6,263 | 4 495 |
| Payroll taxes | 75 093 | 68,256 |
| Postage | 4,284 | 3 613 |
| Professional fees | 142,101 | 368,548 |
| Purchased services | 8,416 | 33,579 |
| Salaries and wages | 858,499 | 849 736 |
| Travel | 194 936 | 208,582 |
| Utilities | 74 489 | 66,271 |
| TOTAL OPERATING EXPENSES | 3,101,315 | 2,978,357 |
| NET OPERATING INCOME | 2,818,321 | 1,286 765 |
| OTHER INCOME (EXPENSE) | | |
| Miscellaneous income | 304 329 | 420 406 |
| Settlement payment due to broker (Note 6) | | (1,919,648) |
| Interest income | 16,571 | - |
| Interest expense | (88 493) | (186 849) |
| NET OTHER INCOME (EXPENSE) | 232,407 | (1,686,091) |
| NET INCOME (LOSS) | $ 3,050 728 | $ (399,326) |

See independent auditors' report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

**AFC FRANCHISING, LLC**
**STATEMENTS OF MEMBER'S EQUITY**
**FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

| | Member's Equity |
|---|---|
| Balance at December 1 2014 | $ 4,179 688 |
| Contribution from sole member | 2,050,411 |
| Net loss | (399,326) |
| Balance at November 30, 2014 | 5 830,773 |
| Contribution from sole member | 2,025 205 |
| Distribution to sole member | (3 641 992) |
| Net income | 3,050 728 |
| Balance at November 30 2015 | $ 7,264 714 |

See independent auditors' report and accompanying notes to financial statements



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

**AFC FRANCHISING, LLC**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEAR ENDED NOVEMBER 30, 2015 AND 2014**

| | 2015 | 2014 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | $ 3 050 728 | $ (399,326) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | |
| Depreciation expense | 3 024 | 2 076 |
| Amortization expense | 675 000 | 673 792 |
| Bad debt expense | 122,534 | 51,509 |
| Increase in assets | | |
| Accounts receivable | (304,226) | (209 482) |
| Prepaid expenses | (9 117) | (5,688) |
| Due from sole member | 1 269 127 | (2,238 882) |
| Note receivable | 141 659 | (400,000) |
| Increase (decrease) in liabilities | | |
| Accounts payable | 63,669 | 144 243 |
| Accrued expenses | 295,286 | 13 087 |
| Due to Marketing Fund | 637 179 | 254 262 |
| Due to Franchise Advisory Council Fund | (2 124) | 10,267 |
| Deferred income | 262,750 | 273 400 |
| Settlement payment due to broker (Note 6) | (2 100,000) | 1 919 648 |
| CASH PROVIDED BY OPERATING ACTIVITIES | 4,105,489 | 88,906 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid for purchases of property and equipment | - | (8 287) |
| Purchase of intangibles | | (217 500) |
| CASH USED FOR INVESTING ACTIVITIES | - | (225 787) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contribution from sole member | 2,025,205 | 2 050 411 |
| Distribution to sole member | (3,641,992) | |
| Payments on long term debt | (2,000 000) | (2,000 000) |
| CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES | (3 616,787) | 50 411 |
| NET INCREASE (DECREASE) IN CASH | 488,702 | (86 470) |
| CASH AT BEGINNING OF YEAR | 1 239,727 | 1,326 197 |
| CASH AT END OF YEAR | $ 1,728,429 | $ 1 239 727 |
| CASH PAID DURING THE YEAR FOR | | |
| Interest | $ 100 000 | $ 200 000 |

See independent auditor's report and accompanying notes to financial statements.



PEARCE, BEVILL, LEESBURG, MOORE, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Note 1 - Description of Business**

On April 15, 2013, AFC Franchising, LLC ("the Company"), an Alabama limited liability company and wholly-owned subsidiary of American Family Care, Inc acquired certain assets and liabilities of DRX Urgent Care, LLC The acquisition was paid for with cash and a note payable to DRX Urgent Care, LLC

The Company is a national urgent care franchise system The business offers and sells franchises and provides products and support to its franchisees The franchised urgent care centers provide various levels of patient care services provided by a physician which include urgent and/or accessible primary care As of November 30, 2015 and 2014, the Company had a total of 91 and 82, respectively, operating franchised urgent care centers

The Company franchises urgent care centers located across the United States The Company currently does not operate any urgent care centers The franchised centers operate under a franchise agreement with an initial term expiring 15 years from the effective date of the franchise agreement

**Note 2 - Summary of Significant Accounting Policies**

Estimates and Assumptions
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP ") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements Actual results could differ from those estimates

Fair Value of Financial Instruments
Fair value is a market-based measurement, not an entity-specific measurement Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows

*Level 1*- Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access

**Note 2 – Summary of Significant Accounting Policies – Continued**

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety

Cash and Cash Equivalents
For purposes of reporting cash and cash equivalents, the Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents

Restricted Cash
Certain amounts of cash are restricted for use in accordance with purposes set forth within the franchise agreements

Concentrations and Credit Risk
The Company maintains checking accounts with quality financial institutions At times, cash balances may exceed the amount insured by the Federal Deposit Insurance Corporation

Accounts Receivable
Accounts receivable are recorded when invoices are issued and are presented on the balance sheet net of the allowance for doubtful accounts The allowance for doubtful accounts is maintained in amounts required to cover anticipated losses on historical bad debt and periodic evaluation by the Company s management

Intangible Assets
The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable Such circumstances could include, but are not limited to, a significant decrease in the market value of an asset or a significant adverse change in the extent or manner in which an asset is used or in its physical condition The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with the asset Should the sum of the expected future cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized

**Note 2 - Summary of Significant Accounting Policies - Continued**

The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset The fair value is measured based on various valuation techniques, including the discounted value of estimated future cash flows The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated These assumptions require significant judgment and actual results may differ from assumed and estimated amounts Intangibles that do not have indefinite lives are amortized on a straight-line basis over the estimated useful life of the assets

Goodwill

In January 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-02, Intangibles – Goodwill and Other This update provides private companies certain alternative guidance regarding accounting for Goodwill Specifically, the update provides an option to private companies to adopt guidance for the amortization of goodwill and alternative requirements for testing goodwill impairment The guidance, if adopted, would be applied prospectively from the date of adoption The update is effective for annual periods beginning after December 15, 2014 with early adoption permitted

Under the goodwill alternative, a nonpublic entity is able to amortize goodwill on a straight-line basis over a period of ten years or over a shorter period if the company demonstrates that another useful life is more appropriate Goodwill would be subject to impairment testing only upon the occurrence of a triggering event The Company adopted this guidance for the year ended November 30, 2014 and the Company chose a ten year useful life Goodwill amortization for both years ended November 30, 2015 and 2014 was $555,100 Goodwill amortization expense per year for the next five years will be $555,100

Accrued Marketing Fund

The Company collects fees from franchisees which are used for advertising, marketing, and public relations programs In accordance with the franchise agreements, all fees collected must be used for these programs Accumulated fees collected in excess of program costs are classified as current liabilities on the balance sheet As of November 30, 2015 and 2014, the accrued marketing fund was $1,517,390 and $880,211, respectively

Accrued Franchise Advisory Council Fund

The Company collects fees from franchisees which are used for Franchise Advisory Council The Fund is utilized to facilitate best practices amongst the franchisees In accordance with the franchise agreements, all fees collected must be used for the council Accumulated fees collected in excess of council costs are classified as current liabilities on the balance sheet As of November 30, 2015 and 2014, the Franchise Advisory Council Fund was $14,719 and $16,843, respectively

Initial Franchise Fees, Deferred Income and Prepaid Commissions
Upon execution of a franchise agreement, the franchisee is required to pay an initial non-refundable franchise fee to the Company The fee is recorded as deferred income until the franchisee's center has opened for operations and the Company has performed substantially all initial services required by the franchise agreement, at which time the deferred income is recognized as revenue and the prepaid initial service costs are recognized as expense The commission expense associated with the sale of an initial franchise license is recorded as a deduction of deferred revenue until the franchisee's center has opened for operations, at which time the prepaid commission is recognized as expense For the years ended November 30, 2015 and 2014, $540,000 and $405,000 were recognized as revenue, respectively, and $133,750 and $163,400 were recognized as commissions expense, respectively

Income Taxes
The Company is treated as a single member limited liability company for federal income tax purposes Consequently, federal income taxes are not payable, or provided for, by the Company The sole member is taxed individually on the Company's earnings

If the Company takes uncertain tax positions that do not meet the recognition criteria, it records a liability for the underpayment of income taxes and related interest and penalties As part of the asset purchase, no tax assets or liabilities were assumed Therefore, the Company recognized no liability for uncertain tax positions as of the balance sheet date

**Note 3 - Acquisition**

Effective April 15, 2013, the Company acquired substantially all the assets and assumed certain liabilities of DRX Urgent Care, LLC The purchase price paid by the Company was $8,000,000 The acquisition of DRX Urgent Care, LLC has been accounted for as a business combination using the acquisition method of accounting, whereby the purchase price has been allocated to tangible and intangible assets acquired and liabilities assumed, based on their estimated fair market values Fair-value measurements have been applied based on assumptions that market participants would use in the pricing of the asset or liability The following table summarizes the fair values assigned to the net assets acquired as of the April 15, 2013 acquisition date

| | |
|---|---|
| Total Consideration | $ 8,000,000 |
| Fair Value of Assets Acquired and Liabilities Assumed | |
| Restricted cash | 402,313 |
| Tradename | 868,000 |
| Franchise agreements | 1,581,000 |
| Marketing fund | (394,808) |
| Franchise Advisory Council fund | (7,505) |
| Net assets acquired | 2,449,000 |
| Excess Purchase Price Attributed to Goodwill | $ 5,551,000 |

No liabilities were assumed associated with legal contingencies as part of the acquisition Additionally, as part of the asset purchase, no tax assets or liabilities were assumed

**Note 4 – Note Receivable**

The Company entered into a Settlement Agreement and Release (the "Release") with a franchisee effective November 30, 2014 The franchisee wanted to terminate their Franchise Agreement with the Company The Release terminated the Franchise Agreement, and the franchisee agreed to pay the Company $400,000 The Franchisee paid $50,000 on December 3, 2014 with the remainder being paid in 167 equal weekly payments of $2,303, inclusive of interest at 6%

At November 30, 2015 and 2014, the Note Receivable balance was $258,341 and $400,000, respectively

**Note 5 - Intangible Assets**

Intangible assets as of November 30, 2015 and 2014 consist of tradename, franchise agreements and master territory buyback agreements Balances and related accumulated amortization for these assets are as follows

| | 2015 | 2014 |
|---|---|---|
| Tradename | $ 868,000 | $ 868,000 |
| Master territory buyback agreements | 217,500 | 217,500 |
| Franchise agreements | 1,581,000 | 1,581,000 |
| | 2,666,500 | 2,666,500 |
| Accumulated amortization | (304,467) | (184,567) |
| Net intangible assets | $ 2,362,033 | $ 2,481,933 |

The tradename is an indefinite lived asset. The franchise agreements and master territory buyback agreements have a life of 15 years Amortization expense on intangible assets was $119,900 and $118,692 for the years ended November 30, 2015 and 2014, respectively Amortization expense per year for the next five years will be $119,900

**Note 6 – Settlement Payment Due to Broker**

On November 25, 2014, the Company entered into a Settlement Agreement and Mutual Release (the "Settlement Agreement") with Rhino 7 Consulting Company ("Rhino 7") Rhino 7 was a broker for the Company and had the right to sell franchises in certain areas of the United States The Company would pay Rhino 7 a brokerage fee based on franchise sales

The Settlement Agreement terminated the brokerage agreement between the Company and Rhino 7 The Company agreed to pay Rhino 7 $2,100,000 to release the Company from the brokerage agreement At November 30, 2015, the settlement was fully paid, and no additional expense was incurred for the year ended November 30, 2015

**Note 7 – Long-term Debt**

Long-term debt outstanding at November 30, 2015 and 2014 was $0 and $2,000,000, respectively The note payable was due to DRX Urgent Care, LLC and required quarterly interest payments at 5% In October 2015, the sole member made an equity contribution of $2 025 205 to the Company These funds additional excess cash were used to make the final payment on the note payable in the amount of $2,000,000 plus accrued interest As of November 30, 2014, the Company had a letter of intent from Wells Fargo to refinance the $2,000,000 note payable to a long-term instrument. Therefore, the balance was classified as long-term debt in the balance sheet at November 30, 2014

**Note 8 - Commitments and Contingencies**

The Company records accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material

The Company is currently involved as a defendant in certain legal actions The ultimate outcome of such actions cannot be determined at this time However, in view of available defenses, insurance coverage, the opinion of management and legal counsel and other factors, such outcome is not expected to have a material effect on the combined financial condition of the Company

**Note 9 – Advertising Costs**

Advertising costs are charged to operations as incurred, and for the year ended November 30, 2015 and 2014 advertising costs were $366,746 and $18,897, respectively

**Note 10 – Related Party Transactions**

Excess cash generated from operations has been advanced to the sole member and an affiliate owned by the sole member At November 30, 2015 and 2014, the amount due from the sole member was $946,655 and $2,203,282, respectively

The Company paid a management fee to the sole member for certain general and administrative tasks performed The management fees paid were $420,000 and $390,000 for the years ended November 30, 2015 and 2014, respectively

**Note 11 – Subsequent Events**

Management has evaluated all subsequent events through February 22, 2016, which is the date the financial statements were available to be issued, and concluded no events or transactions occurred during the period requiring recognition or disclosure

**Note 12 – Reclassifications**

Certain reclassifications have been made to the 2014 financial statements presentation to correspond to the current year's format Equity and net income (loss) are unchanged due to these reclassifications

EXHIBIT I

TABLE OF CONTENTS FOR OPERATIONS MANUAL

# § Table of Contents


## SECTION A: INTRODUCTION

AFC/DOCTORS EXPRESS MISSION . 1

AFC/DOCTORS EXPRESS VISION . .2

AFC/DOCTORS EXPRESS CORE VALUES 3

PHILOSOPHY OF EXCELLENCE . 5

HISTORY OF AFC/DOCTORS EXPRESS 7

SERVICES PROVIDED TO FRANCHISEES 8

- Site Development. . 8
- Initial Training . .. 8
- Opening Assistance.... . . 9
- Ongoing Training & Support . 9
- Approved Suppliers .... .... 9
- Advertising Materials & Sales Aids . 10
- Franchisee Advisory Council . 10
- Ongoing Research & Development 10

FRANCHISEE RESPONSIBILITIES ... 11

- Responsibilities to Patients . 11
- Responsibilities to Employees . .. . .12
- Responsibilities to Fellow Franchisees . 13
- Responsibilities to the Franchisor. ..... . . . .13
- Master Franchisee Role & Responsibilities 14
- Corporate office Role & Responsibilities .15

VISITS FROM THE CORPORATE OFFICE 17

## SECTION B PRE-OPENING PROCEDURES

DEFINITIONS . . . . 1

BUSINESS OPENING TIMELINE .. . . . 6

ESTABLISHING THE BUSINESS STRUCTURE . 7

ESTABLISHING THE BUSINESS FORM .. 9

MEETING TAX OBLIGATIONS 10

- Employer Identification Number 10
- Federal Taxes 11

Other Mandatory Labor Law Posters 13
LAWS REGARDING HARASSMENT 15
Sexual Harassment 15
Racial and Ethnic Harassment 15
Pregnancy Discrimination 16
Religious Accommodation 16
AMERICANS WITH DISABILITIES ACT (ADA) 19
Who is Protected? 19
What is Covered? 19
Ensuring Compliance . . 20
ADA Survey and Enhancements 20
ADA Resources . 20
PROFILE OF IDEAL AFC/DOCTORS EXPRESS EMPLOYEE 22
JOB DESCRIPTIONS 27
RECRUITING PHYSICIANS 28
Understanding What Physicians Want 28
What Does Your AFC/Doctors Express Center Need? 29
Getting the CVs (Curriculum Vitae) 33
Recruiting Graduates from Residency Training 39
Recruiting Established Physicians 44
Review the Applicants' CV's. 46
Conduct Telephone Interviews 47
Face-to-Face Interviews 50
Important Terms & Guidelines 53
Contract Negotiation Tips 58
The Last Word 60
RECRUITING MEDICAL CENTER STAFF . 61
Getting the Word Out . 61
Prescreening . . . 62
The Interview Process 63
Sample Interview Questions 66
Completing the Interview Report 67
Reference Check Procedures 73
Background Checks . 74
Job Offer 74
HIRING ON A TRIAL BASIS 76
NON-COMPETE & NON-DISCLOSURE AGREEMENT 77
TRAINING EMPLOYEES 85
Training Tips . . 86
Initial Training 87

Training Certification 90
Ongoing Training 90
DEVELOPING PERSONNEL POLICIES 92
TIME-TRACKING PROCEDURES 96
TIME-TRACKING PROCEDURES 96
SCHEDULING 97
UNIFORM & DRESS CODE 102
CONDUCTING PERFORMANCE EVALUATIONS 104
Evaluation Process 105
Review Meeting 108
PROGRESSIVE DISCIPLINE PROCEDURES 109
Termination 112
Separation 115

## SECTION D CENTER PROCEDURES

HOURS OF OPERATION 1
DAILY PROCEDURES 2
Daily Procedures 2
CUSTOMER SERVICE .. 6
AFC/Doctors Express Patient Service Philosophy 9
Exceeding Patient Expectations 10
Physician Principles for Treating Patients 12
AFC/Doctors Express Listens—Ensuring Patient Satisfaction 19
Obtaining Patient Feedback 20
Patient Follow-Up Wellness Calls 21
Handling Difficult Patients Solve the Problem AND Manage the Feelings 22
Handling Complaints 23
PROPER HANDLING OF INCOMING CALLS .. 25
Communication by Phone 25
What to Do When the Phone Rings 27
LIFE CYCLE OF A PATIENT 30
Patient Registration 31
Scanning in DocuTAP 34
Patient Taken to Triage and Exam Room 41
Physical Exam 43
Tests and X-Rays (if applicable) 44
Prescriptions (if applicable) 45
Discharge Orders 45
Follow-up with Patient 46
Follow-up With Patient's Primary Physician (if applicable) 47

RADIOLOGY PROCEDURES 49
Entering a Patient to be X-Rayed 50
OPERATING THE DISPENSARY 52
MAINTAINING THE OFFICE 54
SAFETY & SECURITY 56
Workplace Safety 57
OSHA 58
Safety Data Sheets (SDS) 58
Bloodborne Pathogen Compliance Exposure Control Plan 58
Accident Reporting and Investigation 60
Workers' Compensation Issues 61
Fire Safety 62
Burglary 63

## SECTION E· ADMINISTRATIVE PROCEDURES

HIPAA REQUIREMENTS 1
SOFTWARE SYSTEMS 2
SERVICE PRICING (FEE SCHEDULES) 3
Identifying Local Competition 12
Research The Competition 13
Determining Pricing Structure 14
MEDICAL BILLING 16
Fee Schedules 18
Copays, Deductibles, & Co-Insurance 20
Medical Billing – An Example 21
Billing Insurance Companies 23
Billing Private Pay (Self-Pay) Patients 25
Billing Occupational Health (Workers' Compensation or Employer Paid Services) Patients 26
Collections 27
System Outage 29
System Downtime 30
Paper Encounter Forms 32
ACCEPTING PAYMENT 35
Accepting Cash 35
Accepting Credit Cards 36
Accepting Checks 37
CLOSEOUT PROCEDURES 38
End of Day Closeout Procedures 38
INVENTORY MANAGEMENT 42
Use of Approved Suppliers 42

Ordering Procedures 42
Receiving Procedures 43
GENERATING BUSINESS REPORTS 44
Reports 45
Analyzing Reports 45
FILE MANAGEMENT 47
Patient Record Retention Procedures 47
ACCOUNTING SYSTEMS 49
FRANCHISE REPORTING 51
Continuing Service and Royalty Payment 51
Marketing Fund Contributions 51
Financial Statements 51
Electronic Funds Transfer 52

## SECTION F: MARKETING

MARKETING TOOLKIT 1
Using the Campaign Calendar 3
ADVERTISING MEDIA 8
Direct Mail Review with Current Data 9
Local Radio/Cable TV 11
Newspaper 12
Yellow Pages 13
Online 13
Billboard Advertising. 16
Networking 16
Word of Mouth/Buzz Marketing 17
USING THE AFC/DOCTORS EXPRESS MARKS 18
LOGO & SIGNAGE SPECIFICATIONS 19
Signage Requirements 20
REQUIRED ADVERTISING EXPENDITURES 21
Local Advertising Requirement 21
Marketing Fund 22
Regional Cooperative Advertising 22
Grand Opening Advertising 22
PUBLIC RELATIONS 23
Writing a Press Release 23
Generating Local Press Coverage 24
Preparing for the Media Interview 27
GRAND OPENING ACTIVITIES 30
Planning 34

CRISIS COMMUNICATION PLAN . . 41
COMMUNITY OUTREACH/INVOLVEMENT/SPONSORSHIP45
OBTAINING ADVERTISING APPROVAL . . 47

## SECTION G: OCCUPATIONAL MEDICINE & MARKETING

OCCUPATIONAL MEDICINE & WORKERS' COMPENSATION
What is Workers' Compensation? 1
Who Qualifies for Workers' Compensation Benefits2
Insurance Issues 3
The AFC/Doctors Express Difference 3
EMPLOYER'S ACCIDENT RESPONSIBILITY 5
Employer's Efforts to Control Costs 5
How Companies are Counseled to Reduce Costs 6
The AFC/Doctors Express Difference . 8
DOT Related Drug and Alcohol Tests . 10

HOW THE OCCUPATIONAL MEDICINE PROGRAM WORKS11
Offering Occupational Health. . . . 14
Working with Human Resource Specialists .. . ..14
Understanding Other Occupational Health Delivery Models 15
Conducting Your Own Occupational Health Market Survey 16
The Treating Physician's Role in Workers' Comp Visits 20
Getting Started .... ..... . .... .... . .31
Occupational Health Sales Process . 46
Using Your Physician for Sales and Marketing 47

## APPENDICES

CREDENTIALING
DESIGN
DOCUTAP
EQUIPMENT AND INVENTORY
FINANCIAL STATEMENTS
FORMS
LAB CERTIFICATION
MARKETING
STAFF RECRUITING
TRAINING RESOURCE

## EXHIBIT J

## STATE-SPECIFIC DISCLOSURES

1 California

2 Indiana

3 Maryland

4 Michigan

5 New York

6 Rhode Island

7 Virginia

8 Washington

9 Wisconsin

## California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal Corp Code §§ 31000-31516, and the California Franchise Relations Act, Cal Bus & Prof Code §§ 20000-20043, the Disclosure Document for AFC Franchising, LLC in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following

1 Our website, www doctorsexpress com, has not been reviewed or approved by the California Department of Business Oversight Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www corp ca gov

2 THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

3 SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE

4 YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516) BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043)

5 In Item 3, "Litigation," shall be amended by the addition of the following paragraphs

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere

Neither we, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U S C § 78a, et seq ) suspending or expelling such person from membership in such association or exchange

6 In Item 4, "Bankruptcy," shall be amended by the addition of the following paragraph

Neither we nor any affiliates, parents, predecessors, officers, or any other individual who will have management responsibility relating to the sale or operation of the franchises being offered in this franchise disclosure document has been involved as a debtor in proceedings under the U S Bankruptcy Code or any foreign bankruptcy laws required to be disclosed in this Item

7 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph(s) at the conclusion of the Item

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C § 101, et seq )

The Franchise Agreement and Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise This provision may not be enforceable under California law

The Franchise Agreement and Area Development Agreement require application of the laws of the State of Alabama This provision may not be enforceable under California law

The Franchise Agreement requires non-binding mediation before arbitration You and we will bear our own costs in the mediation and you and we will each bear one-half the cost of the mediator or mediation service The Franchise Agreement and Area Development Agreement provide that except for certain claims, all disputes must be arbitrated in Birmingham, Alabama This provisions may not be enforceable under California law

Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement or area development agreement restricting venue to a forum outside the State of California

8 Item 19, "Financial Performance Representations," is amended by the addition of the following paragraph

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business Franchisees or former franchisees, listed in the offering circular, may be one source of this information

9 California Laws Regarding the Practice of Medicine

You are responsible for complying with all laws that apply to your Franchised Business and the Center that you manage, including those relating to the medical industry, which is heavily regulated To assist you in your efforts, we provide the following additional information to facilitate your evaluation of a potential franchised business in California

If you will operate within California, one of the laws that may apply to you and which you should evaluate is the California Medical Practice Act, which includes certain prohibitions against the corporate practice of medicine The Medical Board of California is a state government agency which licenses and disciplines medical doctors in California The California laws governing the practice of medicine and other allied health care professions that are regulated by the California Medical Board are contained in the California Business and Professions Code Additional information regarding the Medical Board and the California Medical Practice Act may be found on the California Medical Board's website at http //www medbd ca gov/

We strongly advise that you consult with an attorney who is familiar with these laws and regulations, and/or contact local, state and federal agencies before signing a Franchise Agreement with us, or a Management Agreement with a PC, to determine your legal obligations and evaluate the possible effects on your costs and operations

## Indiana Disclosure

In recognition of the requirements of the Indiana Franchise Law and the Indiana Deceptive Franchise Practices Act, the Disclosure Document for AFC Franchising, LLC for use in the State of Indiana will be amended as follows

Indiana Code 23-2-2 7-1(7) makes unlawful unilateral termination of a franchise, unless there is a material violation of the Franchise Agreement and Area Development Agreement and termination is not in bad faith Indiana Code 23-2-2 7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Trade Practices Law, I C 23-2-2 5

The post-term covenants against competition in the Franchise Agreement and Area Development Agreement may not be enforceable under Indiana law

Item 8 of the Disclosure Document is amended to provide that we will promptly account for and transmit to franchisees in Indiana any revenues or other benefit received as a result of any required purchases from approved suppliers by Indiana franchisees We may, however, obtain a rebate, or other benefits, as compensation for services rendered by us, which may include without limitation, efforts in negotiating, establishing and maintaining group purchasing and supplier arrangements

The risk factors on the cover page state that Alabama law governs the franchise agreement and Area Development Agreement This provision will not apply with respect to any cause of action which otherwise is enforceable in the State of Indiana pursuant to the Indiana Franchise Law and the Indiana Deceptive Franchise Practices Act

To the extent any Item of this Disclosure Document conflicts with Indiana Code 23-2-2 5 and 2 7, such Indiana statutes govern

Each section above in this addendum will be effective only if (and then to the extent) that the jurisdictional requirements of the Indiana Franchise Law and the Indiana Deceptive Franchise Practices Act are independently met (i e , by facts and not simply by referencing this addendum)

## Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for AFC Franchising, LLC for use in the State of Maryland shall be amended as follows

1 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language

The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

The Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

2 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language to the summary of Provision "h"

Termination upon bankruptcy may not be enforceable under federal bankruptcy law, 11 U S C Section 101 et seq

3 Exhibit N, "Franchisee Compliance Certification," shall be amended by the addition of the following at the end of Exhibit N

The representations under this Franchisee Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this addendum to the disclosure document

## Michigan Disclosure

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION THIS SUBSECTION APPLIES ONLY IF (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS, AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C)

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES

* * * *

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000 00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P O BOX 30222, LANSING, MICHIGAN 48910

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN FRANCHISE
670 G MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

NOTE NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS

## New York Disclosure

ADDITIONAL RISK FACTORS

INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS

THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE MARCH 2013 (HOWEVER THE FRANCHISOR'S PREDECESSOR BEGAN OPERATING IN JULY 2008) THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N Y Comp Code R & Regs tit 13, §§ 200 1 through 201 16), the Disclosure Document for AFC Franchising, LLC for use in the State of New York shall be amended as follows

1 Item 3, "Litigation"" shall be amended by the addition of the following

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has an administrative, criminal or civil action pending against that person alleging a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or

department, including, without limitation, actions affecting a license as a real estate broker or sales agent

Accordingly, except for the 7 actions described in Item 3 of this disclosure document, no litigation is required to be disclosed in this disclosure document

2 Item 4, "Bankruptcy" shall be deleted in its entirety, and the following Item 4 shall be substituted in lieu thereof

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the disclosure document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code (or any foreign bankruptcy laws), (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code (or any foreign bankruptcy laws) or that obtained a discharge of its debts under the U S Bankruptcy Code (or any foreign bankruptcy laws) during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership

3 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," with respect to the Franchise Agreement and Area Development Agreement, shall be amended by deleting "d", "j", "w" and the following new "d", "j", "w" shall be substituted in lieu thereof

FRANCHISE AGREEMENT

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| d Termination by you | Not applicable | Not applicable |
| j Assignment of contract by us | 12 1 | We may assign the Franchise Agreement without limitation No assignment will be made except to an assignee who, in Franchisor's judgment, is willing and able to assume the Franchisor's obligation under the Franchise Agreement |
| w Choice of law | 17 6 | Alabama The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33 |

AREA DEVELOPMENT AGREEMENT

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| d Termination by you | Not applicable | Not applicable |
| j Assignment of contract by us | Section VI A | We may assign the Franchise Agreement without limitation No assignment will be made |

| | | |
|---|---|---|
| | | except to an assignee who, in Franchisor's judgment, is willing and able to assume the Franchisor's obligation under the Franchise Agreement |
| w Choice of law | Section XII | Alabama The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33 |

4 There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33

**STATEMENT OF DISCLOSURE DOCUMENT ACCURACY**
**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT**

## Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19 28 1-1 through 19-28 1-34 the Disclosure Document for AFC Franchising, LLC for use in the State of Rhode Island shall be amended to include the following

1 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," for both the Franchise Agreement and Area Development Agreement shall be amended by the addition of the following

> § 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

2 This addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28 1-1 through 19-28 1-34, are met independently without reference to this addendum to the Disclosure document

## Virginia Disclosure

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document or AFC Franchising, LLC for use in the Commonwealth of Virginia is amended to as follows

1 Item 17, Additional Disclosure The following statements are added to Item 17 h for both the Franchise Agreement and the Area Development Agreement

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the Franchise Agreement/Area Development Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement/Area Development Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

2 This Addendum shall be effective only to the extent that the jurisdictional requirements of the Act are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document

## Washington Disclosure

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 180, the Disclosure Document for AFC Franchising, LLC in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following

1 Item 17, "Renewal, Termination, Transfer and Dispute Resolution," for both the Franchise Agreement and the Area Development Agreement, shall be amended by the addition of the following paragraphs at the conclusion of the Item

The state of Washington has a statute, RCW 19 100 180, which may supersede the franchise agreement or area development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise or area development agreement There may also be court decisions which may supersede the franchise agreement and area development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise and area development agreement

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

2 Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 180, are met independently without reference to this addendum to the disclosure document

## Wisconsin Disclosure

In recognition of the requirements of the Wisconsin Fair Dealership Law, Chapter 135, the Disclosure Document for AFC Franchising, LLC in connection with the offer and sale of franchises for use in the State of Wisconsin shall be amended to include the following

1 The Wisconsin Fair Dealership Law, Chapter 135, Wisconsin statutes supersedes any provision of this disclosure document that is inconsistent with that law

2 Wisconsin Law [Stat Section 135 04] may supersede the Franchise Agreement and Area Development Agreement in your relationship with us in the areas of termination and renewal

3 Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law, Chapter 135, are met independently without reference to this addendum to the disclosure document

## EXHIBIT K

## STATE-SPECIFIC FRANCHISE AGREEMENT AMENDMENTS

1 Indiana

2 Maryland

3 Michigan

4 New York

5 Rhode Island

6 Washington

## Indiana Franchise Agreement Amendment

In recognition of the requirements of the Indiana Franchise Law and the Indiana Deceptive Franchise Practices Act (the "Indiana Code"), the parties to the attached AFC Franchising, LLC Franchise Agreement (the "Agreement") agree as follows

1 Pursuant to Section 23 2-2 7-1(1) of the Indiana Code a franchise agreement may not contain a provision "Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor " If the Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Agreement shall be superseded by the Law's requirements

2 Pursuant to Section 23 2-2 7-1(4) of the Indiana Code a franchise agreement may not contain a provision "Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee " If the Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Agreement shall be superseded by the Law's requirements, provided, however, nothing herein will prohibit us from obtaining a rebate, or other benefits, related to this Agreement as compensation for services rendered by us, which may include without limitation, efforts in negotiating, establishing and maintaining group purchasing and supplier arrangements

3 Pursuant to Section 23 2-2 7-1(5) of the Indiana Code, a franchise agreement may not contain a provision "requiring a franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee This subdivision does not apply to arbitration before an independent arbitrator " If the Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Agreement shall be superseded by the Law's requirements

4 Pursuant to Section 23 2-2 7-1(10) of the Indiana Code, a franchise agreement may not contain a provision "Limiting litigation brought for breach of the agreement in any manner whatsoever " If the Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Agreement shall be superseded by the Law's requirements

5 Each provision of this Amendment to the Agreement shall be effective only to the extent that the jurisdictional requirements of the Indiana Code are met independently with respect to such provision and without reference to this Amendment to the Agreement

6 We reserve the right to challenge the applicability of any law that declares provisions in the Agreement void or unenforceable

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indiana Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached AFC Franchising, LLC Franchise Agreement (the "Agreement") agree as follows

1 Section 12 3 (i), under the heading "Conditions for Approval of Transfer," is amended by adding the following language at the end of the section

The general release required as a condition of assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

2 Section 13(5), under the heading "Expiration of this Agreement/Renewal," is amended by adding the following language at the end of the section

The general release required as a condition of renewal will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

3 Section 17 6 of the Agreement, under the heading "Governing Law," and Section 17 7 of the Agreement, under the heading "Consent to Jurisdiction," are amended by the addition of the following

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

4 Section 17 10 of the Agreement, under the heading "Limitation of Claims," is amended by adding the following language at the end of the section

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Section 20 of the Agreement, under the heading "Acknowledgments," shall be amended by the following

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law

6 Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N Y Comp Code R & Regs , tit 13, §§ 200 1 through 201 16), the parties to the attached AFC Franchising, LLC Franchise Agreement (the "Agreement") agree as follows

1 Section 12 3 (i), under the heading "Conditions for Approval of Transfer," is deleted in its entirety, and shall have no force or effect, and the following paragraph shall be substituted in lieu thereof

(i) You sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents, provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of N Y Gen Bus Law Sections 687 4 and 687 5 be satisfied,

2 Sections 13(4) and 13(5), under the heading "Expiration of this Agreement/Renewal," is deleted in its entirety, and shall have no force or effect, and the following paragraph shall be substituted in lieu thereof

You agree to execute the current form of franchise agreement which may contain provisions that differ materially from any and all of those contained in this Agreement, provided, however, that the Royalty owed under the successor agreement for the first renewal term and the geographic area granted as the Territory will be the same as under this Agreement You further agree to sign a general release, in a form satisfactory to us, of any and all claims against us and our members, officers, directors, employees, agents, successors, and assigns, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of N Y Gen Bus Law Sections 687 4 and 687 5 be satisfied

3 The first paragraph in Section 17 5 1 of the Agreement, under the subheading "Mediation," shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be substituted in lieu thereof

Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below) Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes) Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation Notwithstanding anything to the contrary, this Section 17 5 shall not bar you or we from seeking judicial or injunctive relief for claims that are based solely on demands for money owed, or from seeking injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation, including, without limitation, claims involving the Marks

4 Section 17 5 2 of the Agreement, under the subheading "Arbitration," provides that any disputes between us shall be determined by binding arbitration to be held in Jefferson County, Alabama This provision may not be enforceable under New York General Business Law

5 Section 17 of the Agreement, under the heading "Enforcement," shall be amended by the addition of the following language

Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695

6 There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York However, an offer or sale is deemed made in New York if franchisee is domiciled in or the franchise will be opening in New York We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19 28 1-1 through 19-28 1-34, the parties to the attached AFC Franchising, LLC Franchise Agreement (the "Agreement") agree as follows

1 Section 17 of the Agreement, under the heading "Enforcement," shall be amended by the addition of the following

> § 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

2 This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28 1-1 through 19-28 1-34, are met independently without reference to this amendment

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## Washington Franchise Agreement Amendment

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 010 through 19 100 940, the parties to the attached AFC Franchising, LLC Franchise Agreement agree as follows

The state of Washington has a statute, RCW 19 100 180, which may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 010 through 19 100 940, are met independently without reference to this amendment

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## EXHIBIT L

## STATE-SPECIFIC AREA DEVELOPMENT AGREEMENT AMENDMENTS

1 Indiana

2 Maryland

3 New York

4 Rhode Island

5 Washington

## Indiana Area Development Agreement Amendment

In recognition of the requirements of the Indiana Franchise Law and the Indiana Deceptive Franchise Practices Act (the "Indiana Code"), the parties to the attached AFC Franchising, LLC Area Development Agreement (the "Agreement") agree as follows

1 Pursuant to Section 23 2-2 7-1(5) of the Indiana Code, a franchise agreement or area development agreement may not contain a provision "requiring a franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee This subdivision does not apply to arbitration before an independent arbitrator " If the Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Agreement shall be superseded by the Law's requirements

2 Pursuant to Section 23 2-2 7-1(10) of the Indiana Code, a franchise agreement or area development agreement may not contain a provision "Limiting litigation brought for breach of the agreement in any manner whatsoever " If the Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Agreement shall be superseded by the Law's requirements

3 Each provision of this Amendment to the Agreement shall be effective only to the extent that the jurisdictional requirements of the Indiana Code are met independently with respect to such provision and without reference to this Amendment to the Agreement

4 We reserve the right to challenge the applicability of any law that declares provisions in the Agreement void or unenforceable

[Signatures on following page ]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indiana Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## Maryland Area Development Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached AFC Franchising, LLC Area Development Agreement (the "Agreement") agree as follows

1 Section VI under the heading "Transferability" incorporates Section 12 of the Franchise Agreement by reference

2 Section 12 3 (i), of the Franchise Agreement is amended by adding the following language at the end of the section

The general release required as a condition of assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

3 Section XII of the Agreement, under the heading "Entire Agreement, Applicable Law," and Section XIV of the Agreement, under the heading "Arbitration," are amended by the addition of the following

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

4 Section XIII of the Agreement, under the heading "Disclaimer," shall be amended to add the following

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law

5 Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment

[Signatures on following page ]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## New York Area Development Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N Y Comp Code R & Regs , tit 13, §§ 200 1 through 201 16), the parties to the attached AFC Franchising, LLC Area Development Agreement (the "Agreement") agree as follows

1 Section VI under the heading of "Transferability" incorporation Section 12 of the Franchise Agreement by reference

2 Section 12 3 (i) of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," is deleted in its entirety, and shall have no force or effect, and the following paragraph shall be substituted in lieu thereof

> "(i) You sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents, provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of N Y Gen Bus Law Sections 687 4 and 687 5 be satisfied,"

3 Section XIV of the Agreement, under the heading "Arbitration," the following paragraph shall be added at the end thereof as XIV C

> "C Notwithstanding anything to the contrary, this Section 17 5 shall not bar you or we from seeking judicial or injunctive relief for claims that are based solely on demands for money owed, or from seeking injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without limitation, claims involving the Marks "

4 Section XIV of the Agreement, under the heading "Arbitration," incorporates Section 17 of the Franchise Agreement by reference and provides that any disputes between us shall be determined by binding arbitration to be held in Jefferson County, Alabama This provision may not be enforceable under New York General Business Law

5 There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York However, an offer or sale is deemed made in New York if franchisee is domiciled in or the franchise will be opening in New York We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## Rhode Island Area Development Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19 28 1-1 through 19-28 1-34, the parties to the attached AFC Franchising, LLC Area Development Agreement (the "Agreement") agree as follows

1 Section XIV of the Agreement, under the heading "Enforcement," shall be amended by the addition of the following

> § 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

2 This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28 1-1 through 19-28 1-34, are met independently without reference to this amendment

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

## Washington Area Development Agreement Amendment

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 010 through 19 100 940, the parties to the attached AFC Franchising, LLC Area Development Agreement agree as follows

The state of Washington has a statute, RCW 19 100 180, which may supersede the area development agreement in your relationship with us including the areas of termination and renewal of your area development agreement There may also be court decisions which may supersede the area development agreement in your relationship with us including the areas of termination and renewal of your area development agreement

In any arbitration involving an area development agreement purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash Rev Code §§ 19 100 010 through 19 100 940, are met independently without reference to this amendment

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

**(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY)**

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

# EXHIBIT M

# AMENDMENT TO WAIVE MANAGEMENT AGREEMENT

# AMENDMENT TO AFC FRANCHISING, LLC FRANCHISE AGREEMENT (WAIVER OF MANAGEMENT AGREEMENT)

THIS AMENDMENT ("**Amendment**") is made and entered into on _____, 20__ by and between AFC FRANCHISING, LLC, an Alabama limited liability company ("**Franchisor**" or "**we**" or "**us**"), and _____, a _____ ("**Franchisee**" or "**you**")

RECITALS

A We and you are parties to a AFC Franchising, LLC Franchise Agreement dated as of the same date as this Amendment (the "**Franchise Agreement**"), which pertains to the management and operation of an "American Family Care" urgent care business at a facility operating under the name "American Family Care" (which is referred to as the "**Center**") (together the management and operation of a Center will be referred to as the "**Franchised Business**") with the "Territory" as described in the Franchise Agreement Your Center will be located and operated in the state of _____

B We and you wish to amend the terms of the Franchise Agreement as described below

C All capitalized terms not defined in this Amendment will have the meaning set forth in the Franchise Agreement, or the Management Agreement (as defined below)

NOW THEREFORE, we and you, in consideration of the undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, mutually agree as follows

1 **Franchisee's Representations and Warranties**

a You understand and agree that you are solely responsible for operating in full compliance with all laws that apply to your Franchised Business The laws regulating the medical industry include without limitation, federal, state and local regulations relating to the practice of medicine and the operation and licensing of medical services, the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kickback laws, restrictions or prohibition on fee splitting, physician self-referral restrictions, payment systems for medical benefits available to individuals through insurance and government resources, privacy of patient records, use of medical devices, and advertising of medical services (together such are, "**Medical Regulations**")

b You represent and warrant to us that (i) you have conducted independent research regarding the Medical Regulations that are applicable to urgent care centers and medical services generally, and the Franchised Business specifically in the Territory, including retaining the services of qualified professional advisers as necessary, (ii) you have verified that under the Medical Regulations applicable to your Franchised Business, you are permitted to both manage the Center and operate the Center, including hiring any medical and professional personnel and providing medical or urgent care services to patients at the Center

c You have requested that, based on your representations and warranties to us as to the Medical Regulations applicable to your Franchised Business, we waive the requirements of the Franchise Agreement that you (i) enter into a management agreement with a P C , which as a separate entity would operate the Center and provide all medical and urgent care services, and (ii) you refrain from providing any medical or urgent care services to patients or hiring and supervising medical providers, subject to all applicable Medical Regulations

d You acknowledge and agree that we are entering into this Amendment in reliance your representations and warranties You understand and agree that your obligations to operate in compliance with Medical Regulations will continue throughout the term of the Franchise Agreement, and if there are any changes in Medical Regulations that would render your operation of the Center in violation of any Medical Regulation, you will immediately advise of such change and of the your proposed corrective action to comply with Medical Regulations, including (if applicable) entering into a management agreement with a P C

e You acknowledge and agree that by requesting us to permit you to perform all of the activities and obligations of the P C (rather than signing a management agreement with a P C that would operate the Center), you will incur all costs of both managing and operating the Center, including those costs that would otherwise be borne by the P C (such as obtaining all necessary licensing and certification for practicing medicine and compensation of medical professionals) You have researched the costs associated with both managing and operating the Center

**2 Based on your representations and warranties to us above, you and we agree as follows**

a Notwithstanding anything to the contrary in the Franchise Agreement, including Section 1 2, you are not required by the Franchise Agreement to enter into a Management Agreement with a P C , provided that you comply with applicable Medical Regulations

b Notwithstanding anything to the contrary in the Franchise Agreement, including Section 1 2, you are not restricted from providing urgent care or medical services to the Center's patients, or from hiring and supervising the physicians and employees who are legally authorized to provide medical or urgent care services to patients of the Center

c Instead of entering into the Management Agreement with a separate P C , you agree to be solely responsible for operating the Center and providing, or arranging for and supervising the provision of, medical and urgent care services to the patients of the Center You, therefore, agree that you will perform all responsibilities and obligations of the "P C " as set forth in the form of Management Agreement attached to this Amendment as Exhibit A (the "**Management Agreement**"), which are hereby incorporated into this Amendment Without limiting the foregoing, you acknowledge and agree that these obligations include

(i) satisfying the representations and warranties of Section 1 2 of the Management Agreement,

(ii) selecting, maintaining, and using the Equipment and Furnishings in good condition and repair and in a safe and appropriate manner as described in Section 2 of the Management Agreement,

(iii) being responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Center, selecting, training, supervising and employing (or otherwise engaging) all Providers, ensuring that the Center and all Providers maintain all necessary licenses and credentials, establishing and maintaining quality and standards of patient care, as described in Section 4 of the Management Agreement,

(iv) maintaining malpractice and other insurance as described in Section 7 of the Management Agreement,

(v) indemnifying us as described in Section 9 of the Management Agreement, and

(vi) complying with the non-solicitation requirements of Section 10 of the Management Agreement

d Instead of entering into the Management Agreement with a separate P C , you agree to be solely responsible for providing the management and support services necessary for operating the Center You, therefore, agree that you will perform all responsibilities and obligations of the "Company" as set forth in the Management Agreement, which are hereby incorporated into this Amendment Without limiting the foregoing, you acknowledge and agree that these obligations include

(i) providing the use of the Premises and Equipment and Furnishings as described in Section 2 of the Management Agreement,

(ii) providing the management and administrative services described in Sections 3 and 4 4 of the Management Agreement, and

(iii) ensuring that all insurance required by Section 7 of the Management Agreement is maintained

e Any reference in the Franchise Agreement to an obligation of, or requirement applicable to, the P C will be your obligation

f Any reference in the Franchise Agreement to the "**Franchised Business**" will include your activities in both managing and operating the Center

**3 Except as otherwise amended above, the Franchise Agreement is otherwise in full force and effect**

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Amendment in duplicate on the day and year first above written

**AFC FRANCHISING, LLC**, an Alabama limited liability company

By _____

Title _____

Dated _____

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)**

_____
[Name]

By _____

Title _____

Dated _____

# EXHIBIT A to WAIVER OF MANAGEMENT AGREEMENT
# MANAGEMENT AGREEMENT

## EXHIBIT N

## AFC FRANCHISING, LLC
## FRANCHISEE COMPLIANCE CERTIFICATION

As you know, AFC Franchising, LLC (the "**we**" or "**us**", or "**Franchisor**") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a franchised business managing a "American Family Care" urgent care center (the "**Franchised Business**") The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 The following dates and information are true and correct

a _____,201__ The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a Franchised Business

Initials _____

b _____,201__ The date on which I received Franchisor's Franchise Disclosure Document ("**FDD**")

Initials _____

c _____,201__ The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed

Initials _____

d _____,201__ The date on which I signed the Franchise Agreement

Initials _____

2 Have you received and personally reviewed the Franchise Agreement, related agreement attached to it, and (if applicable) each state addendum that we provided?

Yes _____ No _____

3 Do you understand that the Franchise Agreement contains a number of provisions that may affect your and our legal rights, including an agreement to mediate disputes between us and you, use of designated locations or states for any juridical proceedings, a waiver by us and you of a jury trial, a waiver by us and you of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes _____ No _____

4 Have you received and personally reviewed our Franchise Disclosure Document ("**FDD**")?

Yes _____ No _____

5 Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

6 Do you understand the information contained in the FDD, including the Franchise Agreement, each related agreement, and (if applicable) state addendum provided to you?

Yes _____ No _____

7 Have you discussed with a professional advisor (such as an attorney, accountant, or other professional) the benefits and risks of establishing and operating a Franchised Business?

Yes _____ No _____ - You are not required to do so, but we suggest that prospective franchisees seek assistance from a professional advisor as part of their evaluation process

8 Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, as well as competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

9 Has any employee or other person speaking on our behalf made any statement or promise to you that is contrary to the information contained in the FDD? This would include statements concerning the following

- The actual or possible revenues, profits, or likelihood of success, and/or development and operations costs that a Franchised Business (whether owned and operated by us, you or someone else) may experience
- The advertising, marketing, training, support service or assistance that we will furnish to you

Yes _____ No _____

10 Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today?

Yes _____ No _____

11 Have you paid any money to us concerning the purchase of this franchise prior to today?

Yes _____ No _____

12 Has any person speaking for the Franchisor made any statement, promise or agreement concerning the assistance (whether in advertising, marketing, training, support or other areas) that is different from the information contained in the FDD?

Yes _____ No _____

13 Do you understand the territorial rights granted to you (which are described in Item 12 of our FDD)?

Yes _____ No _____

14 Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise rights for the Franchised Business, meaning that there are no promises, representations (other than in the franchise disclosure document) agreements, "side deals," or other arrangements, written or oral, that are not in the Franchise Agreement?

Yes _____ No _____

15 If you have answered "Yes" to any of questions 9-12, please provide a full explanation of each "yes" answer for questions 9-12, in the blank lines below Additionally, if you do not understand the information contained in the FDD, the Franchise Agreement, and/or any related agreements, please describe below the parts that you do not understand (Attach additional pages, as needed, and refer to them below ) Otherwise, then please leave the following lines blank

_____

_____

_____

_____

_____

16 Do you understand that all disputes and claims you may have under the Franchise Agreement and the Personal Guarantee must be heard in the courts of Alabama (if they cannot be informally resolved or by mediation)?

Yes _____ No _____

17 I signed the Franchise Agreement (and state addenda, if any) on _____, 20___, and acknowledge that no Agreement (or state addenda) is effective until signed and dated by Franchisor

18 During my discussions and evaluations leading up to my decision to buy a Franchised Business, I communicated with the following individuals from Franchisor or its affiliates, or independent brokers

Name

1 _____

2 _____

3 _____

4 _____

[Insert additional names and addresses below if needed]

Your responses to these questions are important to us and we will rely on them

By signing this Questionnaire, you are representing to us that you have responded honestly, accurately, and completely to each of the above questions

FRANCHISEE

_____
Signed

_____
Printed Name

_____, 20___
Date

# EXHIBIT O

## GENERAL RELEASE

GENERAL RELEASE

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer We may, in our sole discretion, periodically modify the release

**General Release**

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _____day of _____, 20___ (the "**Effective Date**"), by and between

- AFC Franchising, LLC, an Alabama limited liability company whose principal place of business is 3700 Cahaba Beach Road, Birmingham, Alabama 35242 ("**Franchisor**"), and

- _____a [resident of] [corporation organized in] [limited liability company organized in] _____and having offices at _____
[("**Franchisee**")] [("**Transferor**")]

BACKGROUND

A Franchisor and Franchisee are party to a Franchise Agreement dated _____ (the "**Agreement**"),

B Franchisor and Franchisee have agreed, pursuant to the Agreement, [to renew or extend Franchisee's rights under the Agreement (the "**Renewal Transaction**")] [to permit a transfer or assignment of _____ pursuant to the Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction]

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows

1 Release [Franchisee] [Transferor], its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless AFC Franchising, LLC, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "**Franchisor Group**"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Agreement, the relationship created by the Agreement, or the development, ownership, or operation of the Franchised Business The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and

expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Agreement or the Franchised Business The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein

2 General Terms

2 1 This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns

2 2 This Release shall take effect upon its acceptance and execution by each of the parties hereto

2 3 This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release

2 4 The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof

2 5 This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof No other representations have induced the parties to execute this Release The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release

2 6 No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto

This release expressly excludes claims arising from representations in Franchisor's FDD or its exhibits or its amendments thereto

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written

**AFC Franchising, LLC**
**Franchisor**

By _____

Name _____

Title _____

_____

By _____

Name _____

Title _____

**EXHIBIT P**

**RECEIPTS**

## ITEM 23 • RECEIPTS

(To be retained by Franchisee)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English Read this disclosure document and all agreements carefully

If AFC Franchising, LLC, offers you a franchise, it must provide this disclosure document to you

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
(b) Under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the distributorship, or (ii) 10 business days before you sign a binding agreement with, or make payment to us for an affiliate in connection with the proposed franchise sale, or
(c) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If AFC Franchising, LLC, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and to the appropriate state agency listed in Exhibit D

Issuance date February 25, 2017

The franchise sellers are Randy Johansen, our President, Scott Hoots, our Vice President of Franchise Operations, and Russell Smith, our Director of Franchise Development at 3700 Cahaba Beach Road, Birmingham, Alabama 35242 (205) 403-8902 Any additional individual franchise sellers involved in offering the franchise are

---

I received a Disclosure Document dated February 25, 2017 (the effective date in certain states is listed on the State Effective Date page) that included the following Exhibits

A Franchise Agreement
A-1 Area Development Agreement
B Management Agreement
C Conversion Addendum
D List of State Administrators
E Agents for Service of Process
F List of Current Franchisees
G List of Former Franchisees
H Financial Statements
I Table of Contents for Manual
J State-Specific Disclosures
K State-Specific Franchise Agreement Amendments
L State-Specific Area Development Agreement Amendments
M Amendment to Waive Management Agreement
N Franchisee Compliance Certification
O General Release
P Receipts (2 copies)

_____ _____

Date Received Prospective Franchisee

_____

Name (please print)

Address _____

_____

_____

## ITEM 23 • RECEIPTS
(Return to Franchisor)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English Read this disclosure document and all agreements carefully

If AFC Franchising, LLC, offers you a franchise, it must provide this disclosure document to you

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
(b) Under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the distributorship, or (ii) 10 business days before you sign a binding agreement with, or make payment to us for an affiliate in connection with the proposed franchise sale, or
(c) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If AFC Franchising, LLC, does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and to the appropriate state agency listed in Exhibit D

Issuance date February 25, 2017

The franchise sellers are Randy Johansen, our President, Scott Hoots, our Vice President of Franchise Operations, and Russell Smith, our Director of Franchise Development at 3700 Cahaba Beach Road, Birmingham, Alabama 35242 (205) 403-8902 Any additional individual franchise sellers involved in offering the franchise are

---

I received a disclosure document dated February 25, 2017 (the effective date in certain states is listed on the State Effective Date page) that included the following Exhibits

A Franchise Agreement
A-1 Area Development Agreement
B Management Agreement
C Conversion Addendum
D List of State Administrators
E Agents for Service of Process
F List of Current Franchisees
G List of Former Franchisees
H Financial Statements
I Table of Contents for Manual
J State-Specific Disclosures
K State-Specific Franchise Agreement Amendments
L State-Specific Area Development Agreement Amendments
M Amendment to Waive Management Agreement
N Franchisee Compliance Certification
O General Release
P Receipts (2 copies)

_____ _____

Date Received

Prospective Franchisee

_____

Name (please print)

Address _____

_____

_____