

We need not consent to any transfer to a competitor of ours.

We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your shareholders, members or partners, if you are a corporation, limited liability company, partnership or other entity).

Before the effective date of a transfer we approve:

- (1) The transferee must assume your franchise obligations. You will remain bound by your covenants in this Agreement to not disclose confidential information and to not compete with us or our franchisees.
- (2) You will pay all ascertained or liquidated debts concerning the franchise.
- (3) You may not be in breach of this Agreement or any other agreement between the parties. Our consent to the transfer will not constitute a waiver of any claims we may have against you.
- (4) The transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the franchise.
- (5) You or the transferee will pay a Transfer Fee according to our then current Transfer Fee Schedule. This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer. The Transfer Fee will not be less than **\$1,500**.
- (6) You will pay us a **10%** commission on the gross transfer price (excluding the price of real property), if we obtain the transferee for you.
- (7) The transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we then are using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement.
- (8) The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.
- (9) You and your owners, members, partners, officers, and directors will execute a general release in our favor. The release must be in a form we prescribe, following applicable law, to release us from any claims you may have against us.
- (10) If the Initial Franchise Fee has not yet been paid in full, it must be paid in full despite the due date for payment established by this Agreement.
- (11) If the lease or sublease for the Franchise Premise requires, the lessor or sublessor must have consented to the assignment or sublease of the Franchise Premises to the transferee. All fixtures and equipment at the Franchise Premises must be inspected and certified by a qualified professional inspector to be in good working order and free of operational defects. It will be your responsibility to bring all fixtures and equipment to proper working order before the transfer takes place.
- (12) You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any

obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

B. You may transfer your rights and obligations under this Agreement to a corporation or other entity in which you continuously own a majority of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the franchisee under this Agreement. The entity must contemporaneously agree in writing to be bound by the terms of this Agreement. You must contemporaneously agree in writing to guarantee the obligations of the entity and to remain personally liable in all respects under this Agreement. (You and all other owners shall personally and unconditionally guarantee the obligations of the new entity and you will remain personally subject to and bound by all terms, conditions, restrictions and prohibitions contained in this Agreement. You as an owner of the entity agree to separately and personally, for you and for you successors, heirs and personal representatives, shall act as surety for the full and faithful performance of all of the obligations, commitments and payments required of the entity. In that capacity, you agree that we do not have to pursue any remedies we may have against the entity, but rather, may proceed directly and primarily against you with or without joining the entity as principal or as a named party in any proceeding.)

You will be in breach of this Agreement if you at any time dispose of any interest sufficient to reduce your ownership in the entity to less than a majority of any class of stock or other evidence of ownership. From time to time, at our request, you will provide to us a current list of all your owners, shareholders, members, directors, officers, partners, and employees, with a summary of their respective interests in you.

C. We may transfer this Agreement. If we do, it will be binding upon and inure to the benefit of our successors and assigns. Specifically, you agree that we may sell our assets, the Service Marks, or the Method of Operation outright to a third party, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buy out or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Service Marks (or any variation of them) or the loss of association with or identification as part of our franchise system. We will not be required to remain in any particular form of business or to offer to you products, whether or not bearing our Service Marks.

D. You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Service Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, legal and accounting fees. You will give us at least 60 days written notice before the effective date of any offering or other transaction covered by this subsection.

E. You may not grant a sub-franchise or transfer less than all of your rights under this Agreement.

F. Our consent to a proposed transfer will not be a waiver of any claims we may have against you (or your owners), nor will it be a waiver of our right to demand exact compliance with this Agreement. Our consent to a transfer will not constitute or be interpreted as consent for any future or other transfer.

G. You will comply with and help us to comply with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

7.2 Your Death or Disability.

A. Besides the Step-In Rights described above, the following will apply in case of your death or incapacity if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning 50% or more of you if you are a limited liability company or corporation or other entity. Within 180 days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will:

- (1) Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Subsection (A) of the section entitled "Sale or Assignment," above (except that no transfer fee will be required). Or,
- (2) Transfer your interest according to the provisions of that Subsection. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection. For purposes of this Subsection, on an application for the right to continue to operate, our silence through the 180 days following the event of death or incapacity will be deemed an acceptance made on the last day of the period.
- (3) If a suitable transferee purchaser is not found within 180 days from the date of death or permanent incapacity, we may at our sole option enter into a contract to purchase the Franchise. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within twenty business days after notice from us. If not, a fair value and fair terms will be determined in Lafayette, Louisiana by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers may include in their decision a factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within 30 days after receiving the appraisers' decision, at our option, it may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers. Terms of payment will be 10% of the purchase price payable upon contract signing, the balance payable in 60 equal monthly payments of principal payments with interest calculated at the prime rate, published by your principal bank at time of each monthly principal payment.

B. If the provisions of this Subsection have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.3 First Right of Purchase. You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. We will elect to exercise our option to purchase within 30 business days after our receipt of your written notification. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you agree to sell to a third party on better terms to the purchaser than we offered to you, you are obligated to re-offer to us pursuant to the subsection entitled "First Right of Refusal". You are obligated before any transfer to a third party to comply with all criteria set forth in the subsections entitled "Sale or Assignment" and "First Right of Refusal."

7.4 First Right of Refusal. If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right to purchase at the

bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within 6 days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. We may exercise this right to purchase within 30 days after receipt of notice from you. If the interest which is the subject of the offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this section.

If we do not accept the offer within 30 days, you may make the proposed transfer to a third party. The transfer will not be at a lower price nor on more favorable terms than disclosed to us. Any transfer will be subject to our prior written permission described in the section entitled "Sale or Assignment," above. If the Franchise is not transferred by you within 6 months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

8 INDEMNITY AND INSURANCE

8.1 Indemnity. You will indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, actions, losses, attorney fees and damages arising out of or connected with the Franchise and the business activities, acts or omissions of you and your employees and agents, including those brought against you and us jointly alleging that you and we were negligent or otherwise liable. We will not be liable to you or to any other person because of your act, omission, neglect, or breach. If it is established that both you and we were negligent or otherwise liable, you and we will contribute to the relevant award based upon the adjudicated and assigned respective degree of fault. You will indemnify us for any loss, cost or expense, including attorneys' fees, that may be sustained by us because of the acts or omissions of your vendors or suppliers or arising out of the design or construction of the Franchise Premises.

This indemnification will include use, condition, or construction, equipping, decorating, maintenance or operation of the Franchise Premises, including the sale of any food products, service or merchandise sold from the Franchise Premises. Any loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchise Premises, whether or not discoverable by us, and those arising from the death or injury to any person or arising from damage to the property of you or us, and our respective agents or employees, or any third person, firm or legal entity.

You will defend us at your own expense in any legal or administrative proceeding subject to this Subsection. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against us in any proceeding, including any settlement that we approve in writing. You will not settle any claim against us without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against us at your expense, including attorney fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

All references in this Agreement that provide that you will indemnify or defend us or that you will name us under any insurance policy will also mean that our affiliates, directors, officers, and employees will be also and equally indemnified, defended or named.

8.2 Insurance.

A. Professional Malpractice Insurance Program. Unless otherwise provided in our Operations Manual, we will make available to you a professional malpractice insurance program, and you will participate in the program. You must make premium payments as described in the Operations Manual.

Currently, the premium cost to you is approximately \$950 to \$1,100 per year. The annual effective dates for this insurance are from March to February. The premium is not pro-rated, so you must pay the entire premium when you become a franchisee, regardless of which month you become a franchisee, and the insurance policy will expire in February. These amounts will be billed by us to you and must be paid by you prior to commencing operations under this Agreement. The terms of the professional malpractice insurance program, including coverage, time frames for making payments and the amounts of payments, may change from time to time as provided in the Operations Manual.

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~~¶ 262.50 plus 3% interest or an amount yet to be determined for each DNA test you generate.~~
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~~Deleted: and withheld from our payments due to you for that month.~~
Comment [RDS1]: Should Rural Mobile franchisee still get general liability insurance to cover things such as contracts liability, products liability, independent contractor liability?

B. General Liability Insurance Program. Unless otherwise provided in our Operations Manual, we will make available to you a general liability insurance program, and you will participate in the program. However, if this Franchise Agreement is for a Rural Mobile franchise, you will not operate from an office location, you are not required to participate in this program. You must make premium payments as described in the Operations Manual. Currently, the premium cost to you is approximately \$800 to \$1,400 per year. The annual effective date for this insurance begins the month that you sign up and expires one year later. These amounts will be billed by us to you and must be paid by you prior to commencing operations under this Agreement. The terms of the general liability insurance program, including coverage, time frames for making payments and the amounts of payments, may change from time to time as provided in the Operations Manual.

C. Additional Insurance. You will be responsible for maintaining additional insurance coverage that is reasonably necessary and appropriate for the conduct of the franchise business. This additional insurance coverage must include, at a minimum:

- (a) Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated. However, if this Franchise Agreement is for a Rural Mobile franchise, and you will not hire employees, then you are not required to maintain workers' compensation and employer's liability insurance.
- (b) Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least \$1,000,000 for death, personal injury and property damage.

The insurance described in this subsection entitled "Additional Insurance" will not be subject to a deductible greater than \$10,000.

D. Insurance in General. You will deliver all certificates of insurance policies required under this Agreement to us prior to the commencement of the term of the insurance and annually thereafter and upon any renewal or substitution of coverage. You agree to hold us harmless and to indemnify us with respect to claims or damages caused by or by any of your employees, contractors or agents, and which are not fully covered by insurance.

~~Deleted: Comprehensive general liability insurance, including products liability, completed operations, property damage, contractual liability, independent contractors liability, owned and non-owned automobile coverage, and personal injury coverage with a combined single limit of at least \$1,000,000 including umbrella coverage. ¶~~
~~¶ Each insurance coverage identified above:¶~~
~~¶~~
~~<#>Will not be subject to a deductible greater than \$10,000 and ¶~~
~~(ii) . Will cover you and your operations, premises, employees and contractors.~~
Comment [RDS2]: Does this make sense for mandatory insurance programs?
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The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance, other than for casualty to the Franchise Premises, will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon 30 days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this section entitled "Insurance", we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made

against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

9 **NOTICE AND MISCELLANEOUS**

9.1 **Notices.** All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered personally at any location and receipted. Notices will be delivered to you at the Franchise Premises, to us at our headquarters in **Lafayette, Louisiana** or to other locations specified in writing. Notices sent by mail will be deemed to have been delivered and received **3** business days following the date of mailing or one business day after placement with Federal Express, or other reputable air courier service, requesting delivery on the most expedited basis available. Any notice by certified mail shall be deemed to have been given at the date and time of mailing.

9.2 **Business Name.** You will execute any documents we may from time to time direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Service Marks.

9.3 **We and You Are Not Joint Venturers, Partners, or Agents.** You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads and business forms that you are our licensed franchisee by using language saying that you operate an independently owned Franchise.

You will maintain employee records to show clearly that you and your employees are not our employees.

The liability of you and your owners, shareholders, members or partners will be both joint and several. A breach of this Agreement by you or by any shareholder, member or partner will be a breach by all of the shareholders, members or partners and also by you.

9.4 **Waiver.** A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver we grant will not prejudice any other rights we may have, and will be subject to our continuing review. We may revoke any waiver, in our sole discretion, at any time and for any reason, effective upon delivery to you of **10** days prior written notice of revocation.

By written notice, we unilaterally may waive any obligation of you, your owners, or the Guarantors.

Our consent, whenever required, may be arbitrarily withheld if you are in breach of this Agreement.

9.5 **Time is of the Essence.** Time and strict performance are of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this Agreement, it

means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

9.6 Documents. You and your partners, shareholders, members, officers, and owners agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Any material violation or breach of any of these documents or of any other franchise or related agreement between the parties will be a material violation of this Agreement and of all the other documents and agreements. The non-breaching party may enforce or terminate this Agreement and any or all of the other documents and agreements as provided for enforcement or termination of this Agreement.

If you are a partnership, all general partners will sign the documents. If you are a corporation or Limited Liability Company or other entity, all shareholders or members and all officers will personally guarantee your faithful performance.

You will assure that each of your owners, shareholders, general partners, members, directors, officers, managers, employees, consultants, distributors and agents will not compete with us; will not attempt to divert customers to competing businesses; will not induce the employees of us or of our franchisees to leave their employment; and will keep, preserve, and protect confidential information as required by this Agreement.

9.7 Construction. This document is the entire agreement between the parties. It supercedes all prior or contemporaneous agreements or understandings, whether written or oral, with respect to the subject matter of this Agreement. There are no other oral or implied understandings between the parties with respect to the subject matter of this Agreement. Except as expressly and otherwise provided in this Agreement, this Agreement may not be modified, nor may any rights be waived or abridged, orally or by course of dealing, but only by a written instrument signed by the parties. The words "this Agreement" include any future modifications unless otherwise suggested by the context. No salesperson, representative, or other person has the authority to bind or obligate us in any way, except our president or a vice president at our home office by an instrument in writing.

This document supersedes all communications and negotiations between the parties that relate to the subject matter of this Agreement. No previous course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third party beneficiary of that provision.

All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. This Agreement has been prepared in the "you/we" format to simplify it and to facilitate our compliance with state and federal franchise disclosure laws. The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement.

If, any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future.

If a dispute arises between the parties, the parties agree to participate in at least 8 hours of mediation in accordance with the Mediation Procedures of the US Arbitration & Mediation Service or of any similar organization that specializes in the mediation of commercial business disputes. The Parties agree to equally share the costs of mediation.

You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted by us in the State of Louisiana and will be governed by the substantive laws of Louisiana without regard to Louisiana choice of law provisions provided that any law of the State of Louisiana that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. Louisiana laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of any Louisiana franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. No franchise or business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Louisiana or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph. The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Louisiana, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement will be mediated, arbitrated, tried, heard, and decided in Lafayette, Louisiana, which you agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of, all of the members of the DNA SERVICES franchise system.

If applicable law shall imply a covenant of good faith and fair dealing in this Agreement, the parties agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. If applicable law implies such a covenant, the parties acknowledge and agree that:

- a. This Agreement (and the relationship of the parties which is inherent from this Agreement) grants us the discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests;
- b. We will use our business judgment in exercising our discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of other DNA SERVICES businesses generally (including us, our franchisees and parties related to us) and specifically without considering the individual interests of you or any other particular franchisee;
- c. We will have no liability to you for the exercise of our discretion in this manner, so long as our discretion is not exercised in bad faith toward you; and
- d. In the absence of bad faith, no trier of fact in any judicial or arbitration proceeding will substitute its judgment for the business judgment we exercise.

If, at any time during the term of this Agreement, you consist of two or more persons (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to you in this Agreement may only be exercised and enjoyed jointly; and your obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person.

9.8 **Enforcement.** From time to time there may be controversy about this Agreement, its interpretation, or performance or breach by the parties. The controversy (unless related to trademark infringement, collection of delinquent payments, or compliance with the Operations Manual and Method of Operation) will be resolved by arbitration before an arbitrator selected by and mutually agreed upon by the parties under the Commercial Dispute process and rules of the American Arbitration Association or its successor. Regardless of the Commercial Dispute process and the rules of the American Arbitration Association or its successor, there shall be no arbitration on a class or consolidated basis. The arbitrator will

have power and jurisdiction to decide the controversy or dispute solely according to the express provisions of this Agreement. The arbitrator may not alter, amend, delete, or add to the provisions of this Agreement by implication or otherwise. In any arbitration the parties will be entitled to injunctive relief or specific performance of the obligations of the other. The arbitrator will determine the prevailing party for purposes of this Section and may make a percentage award of reimbursable fees and expenses. The decision of the arbitrator made within its power or jurisdiction will be final and binding. The decision may be entered as a judgment in any court of law having jurisdiction.

Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Nothing contained in this Agreement will bar us or you to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause you or us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

You recognize the unique value and secondary meaning attached to the Method of Operation, the Service Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Method of Operation or the Service Marks will cause irreparable damage to us and our franchisees. You agree that if you engage in any unauthorized or improper use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws.

No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorney fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorney fees. These will be set by the arbitration, proceeding or court, including costs and attorney fees on appeal or review from the arbitration, proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding.

You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the confidentiality requirements and covenants not to compete described in this Agreement. You acknowledge that any violation of the confidentiality requirements and covenants not to compete would result in irreparable injury to us for which no adequate remedy at law may be available and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete.

You agree that each of the confidentiality requirements and covenants not to compete described in this Agreement will be constructed as independent of any other covenant or provision. If all, parts or any portion of any covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. Each of the covenants described in this Agreement is a separate and independent covenant in each of the separate counties and states in the United States in which we transact business. To the extent that any covenant may be determined to be judicially unenforceable in any county or state, that covenant will not be affected with respect to any other county or state.

You acknowledge we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of any part of this Agreement that relates to the confidentiality or protection of confidential information and trade secrets or your covenants to not compete against us or our franchise system or your threats or attempts to do so. For this reason, under those circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of our your confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including, without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the confidentiality and non-competition covenants contained in this Agreement and that we are entitled to require you to comply with these covenants. Those covenants will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

9.9 Other Agreements. If you or any of your shareholders, partners, or officers violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

Whenever this Agreement requires that you enter into a release, such as for a transfer or renewal, the release will be in substantially the following form:

You (and your owners, members, partners, officers, and directors) will agree to the following mutual general release, subject to and following laws applicable in your jurisdiction, to release us from any claims you may have against us:

In consideration of the mutual covenants and understandings set forth in this release agreement, you release and discharge us and our respective current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the franchise agreement with us related to the franchise and the franchise premises ("your Prior Franchise Agreement").

You release and forever discharge us and our current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the negotiation of, execution of, performance of, nonperformance, or breach of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the release agreement.

You and we will represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the transfer agreement including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and will cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under your Prior Franchise Agreement, including all effects and consequences.

These releases are intended to waive, release and discharge all claims, other than these expressly reserved:

any future claims you may have against us for: [fill in blank as appropriate]

with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

You will waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

9.10 **Agreement Binding on Successors and Assigns.** This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

9.11 **Execution in Counterparts and Our Acceptance.** This Agreement will be binding upon you at the time you sign it and deliver it to us. This Agreement will not be binding upon us until we accept it in writing by one of our principal officers at our home office. If we do not accept it within 60 days, this Agreement will no longer be binding upon you. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Delivery of executed signature pages of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

9.12 **Approval by Shareholders, Members or Partners.** If you are a corporation, limited liability company, partnership or other entity, we will not be bound until your shareholders, members or partners read and approve this Agreement, agree to the restrictions on them (including restrictions on the transfer of their interest in the Franchise and the restrictions and limitations on their ability to compete with us), and jointly and severally guarantee your performance under this Agreement. We may request a copy of the Resolution approved by your partners, members, shareholders, owners or directors as confirmation of your fulfillment of this requirement and authorizing your execution of this Agreement.

Your ownership certificates will have conspicuously endorsed upon them a statement that they are subject to, and that further assignment or transfer of them is subject to, the restrictions imposed upon assignments by this Agreement.

9.13 **Personal Guarantee.** The undersigned Guarantors are all of your partners, members, shareholders or owners. They jointly, severally, irrevocably, and unconditionally guarantee to us the due and punctual observance and performance by you of all of your obligations under this Agreement and any other agreement to which we and you are parties. Each Guarantor agrees to guarantee us against all liability, loss, harm, damage, costs, and expenses (including attorney fees) that we may incur because of your failure to observe your obligations. The liabilities and obligations of each Guarantor will not be released, discharged, or affected by our release or discharge of or dealing with you under any of these agreements; or by anything we do, suffer, or allow to be done in relation to you; or by change, alteration, or modification of any of the agreements; or by any compromise, arrangement, or plan of reorganization affecting you; or by your bankruptcy or insolvency; or by any other act or proceeding in relation to you or any of the agreements by which any Guarantor might otherwise be released. The liabilities and obligations of each Guarantor pursuant to this Guarantee will be continuing in nature and will terminate only on the satisfaction of your obligations under this Agreement. A fresh cause of action will arise in respect of each breach by you producing a liability of any Guarantor.

The Guarantors agree that it shall not be necessary for us or our assigns to institute suit or exhaust our legal remedies against you in order to enforce this guaranty. Guarantors agree that we may from time to time extend the time for performance or otherwise modify, alter, or change this Agreement, may extend the time for payment of all sums guaranteed, and may receive and accept notes, checks, and other instruments for the payment of money made by you and extensions or renewals without in any way releasing or discharging Guarantors from their obligations. This guaranty shall not be released, extinguished, modified, or in any way affected by our failure to enforce all the rights or remedies available to it under this Agreement. Our release of one or more Guarantor will not operate as a release of the other Guarantors.

9.14 **Receipt of Disclosure Documents.** You acknowledge that you have received a complete and final copy of this Agreement and its exhibits not less than 5 business days before the date on which you executed this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of this document, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this document. You further acknowledge that you have received a Uniform Franchise Offering Circular disclosure document not less than 10 business days before the date you executed this Agreement.

9.15 **Representation.** The success of your Franchise is speculative and depends, to a large extent, upon your ability as an independent businessperson. You or your majority owner if you are a corporation, limited liability company or partnership, must actively participate in the daily affairs of the business. We do not make any representation or warranty, express or implied, as to the potential success of the Franchise.

You acknowledge that a **DNA SERVICES** business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You represent that you are in good health and able to devote your full time and best efforts in the day to day operations of your franchised business or that you have the business management skills necessary to successfully hire a general manager to run the day to day operations of your franchised business.

You acknowledge that you have entered this Agreement after making an independent investigation of our operations. You have not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits which you in particular might realize. No person has made any other representation that is not expressly set forth in this Agreement to induce you to accept this Franchise and execute this Agreement.

You acknowledge that you have no knowledge of any representations by us, or our officers, directors, shareholders, employees, agents or servants about the business contemplated by Agreement that are contrary to the terms of this Agreement. You have investigated the potential of the market area in which you are to establish and operate your franchise business and the laws and regulations applicable thereto. You agree and represent that that market area is reasonable, the Franchise Premises will be suitable for the operation of a **DNA SERVICES** franchise, and the Initial Franchise Fee represents fair consideration for the opportunity to establish and operate a **DNA SERVICES** franchise.

You are aware that some present and future **DNA SERVICES** franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

Neither you, nor your spouse, nor your children, nor your parents, nor anyone who has an interest in or who will manage the franchise, nor any of your partners or affiliates:

1. supports terrorism,
2. provides money or financial services to terrorists,
3. receives money or financial services from terrorists or institutions that support terrorists
4. is engaged in terrorism, or

5. is on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.

Neither you nor any of these persons has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with and travel to the United States to fulfill your obligations under your agreements with us.

9.16 Acknowledgments.

A. You have conducted an independent investigation of us and of the Franchise. You recognize that the business venture contemplated by this Agreement involves business risks. Your success will be dependent upon your ability as an independent businessperson. Except as outlined in Item 19 of our Uniform Franchise Offering Circular, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement.

B. You acknowledge that you have received, have had an ample time to read and have read this Agreement. You understand its provisions. You have received advice from advisors of your own choosing regarding all pertinent aspects of this Franchise and the franchise relationship created by this Agreement. You also acknowledge that you believe you have made a good decision for yourself or your partners or your corporation based upon what you believe is your ability to run and control a business of your own.

C. We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, shareholders, members and partners. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT. YOU ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

10 SIGNATURES

IN WITNESS, the parties have executed this Agreement on the day and year first above written.

("we/us"): **DNA SERVICES INTERNATIONAL, INC.**

By: _____

Title: _____

("you", jointly and severally):

Signature: _____

Print Name: _____, an individual

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OFFICERS AND OWNERS OF THE COMPANY AS INDIVIDUALS.

~~Deleted: GUARANTEED~~
~~Deleted: ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT.~~

The undersigned officer _____ being the _____ of _____, pursuant to authority granted to him at a duly called meeting of such company on the _____ day of _____, 20____, executes this instrument, by signing the name of the company, as an officer.

("we/us"): **DNA SERVICES INTERNATIONAL, INC.**

By: _____

Title: _____

("you", jointly and severally): _____

By: _____

Title: _____

INDIVIDUAL(S):

~~IF YOU ARE A PARTNERSHIP: THIS AGREEMENT MUST BE SIGNED BY ALL GENERAL PARTNERS. THE AGREEMENT MUST ADDITIONALLY BE SIGNED BY ALL GENERAL PARTNERS, AS INDIVIDUALS.~~

~~Deleted: GUARANTEED~~
~~Deleted: , ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT~~

The undersigned partner, _____, being a General Partner authorized to execute this Agreement on behalf of the partnership, executes this instrument by signing the name of the partnership by himself, as general partner of the partnership.

("we/us"): **DNA SERVICES INTERNATIONAL, INC.**

By: _____

Title: _____

("you", jointly and severally):

By: _____

Title: _____

INDIVIDUAL(S):

**EXHIBIT D
 NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
 AND REGISTERED AGENTS IN STATES**

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	<p>California Commissioner of Corporations:</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505</p> <p>Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205</p> <p>San Diego: 1350 Front Street San Diego, CA 92101-3697 (619) 525-4233</p> <p>San Francisco: 71 Stevenson Street, Suite 2100 San Francisco, CA 94105 (415) 972-8559</p>	<p>Corporations Commissioner Department of Corporations 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505</p>
CONNECTICUT	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232</p>
FLORIDA	[Not Applicable]	<p>Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770</p>