

UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

IN RE:

BRENDAN JOB MESSENHEIMER and))	CASE NO.: 10-10726
VALERIE BROWN MESSENHEIMER,))	
Debtors))	
)	
FIRST-CITIZENS BANK & TRUST))	
COMPANY,))	
Plaintiff))	ADVERSARY PROCEEDING
)	NO. _____
V.))	
)	
ADVANCED MEDICAL DISTRIBUTION))	
CORPORATION and BRENDAN))	
MESSENHEIMER,))	
Defendants))	
)	

COMPLAINT

First-Citizens Bank & Trust Company ("Plaintiff" or "First Citizens"), by and through its undersigned counsel, respectfully alleges as follows:

PARTIES, JURISDICTION, AND VENUE

1. Plaintiff is a banking corporation authorized and existing under the laws of the State of North Carolina, with a principal place of business in Guilford County, North Carolina.
2. Defendant Advanced Medical Distribution Corporation ("Advanced Medical") is a North Carolina Corporation with a principal place of business in Guilford County, North Carolina.

3. Defendant Brendan Messenheimer ("Messenheimer") is a resident of Guilford County, North Carolina.

4. First Citizens is a creditor of the Debtor Messenheimer in this case.

5. This adversary proceeding arises in the Debtor Messenheimer's Case No. 10-10726 under Chapter 7 of Title 11 now pending in this Court.

6. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 157 and 1334 and the *Order Referencing All Bankruptcy Matters to the Bankruptcy Judge and Providing for Bankruptcy Court Clerk in Accordance with the Provisions of the "Bankruptcy Amendments and Federal Judgeship Act of 1984"* entered on June 30, 1984.

7. This is a core proceeding under 28 U.S.C. § 157(b)(2).

8. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

GENERAL ALLEGATIONS

9. The allegations contained in paragraphs 1 through 9 above are incorporated herein by reference as if completely set forth.

10. This case is about a fraudulent scheme by Advanced Medical similar to a Ponzi scheme. Advanced Medical represented to First Citizens that it was in the business of brokering, selling, and financing medical equipment to end users such as medical practices and physician groups. From June 2007 to July 2008, Advanced Medical acquired eight items of medical equipment from First Citizens (the "Equipment"). Advanced Medical acquired four items of Equipment pursuant to Finance Contracts (collectively, the "Contracts"). It also acquired four items of Equipment pursuant to equipment Leases (collectively, the "Leases"). Advanced Medical represented to First Citizens that the Equipment would be used as demonstration models and kept at its business offices in Greensboro, North Carolina.

11. In reliance on the representations by Advanced Medical, First Citizens either loaned money to Advanced Medical or purchased the Equipment from vendors for Advanced Medical. Under this arrangement, Advanced Medical acquired the Equipment with minimal up-front costs. They were supposed to pay First Citizens back pursuant to the Contract or Lease payment schedules, usually for a term of five years, with the Equipment serving as

collateral. But contrary to its representations and the terms of the Contracts and Leases, Advanced Medical immediately sold all of the Equipment to third party medical practices and physician groups. In some cases, Advanced Medical had arranged for the sale of the Equipment before it executed the Contract or Lease with First Citizens. Advanced Medical did not tell First Citizens about the sales and did not tell the third parties about the security or ownership interest of First Citizens. In sum, Advanced Medical sold Equipment it did not own and had not paid for, usually for a marked-up price greater than the amount it "financed" with First Citizens. It kept all the proceeds for itself and even arranged for the financing of the Equipment for the third parties. In doing so, it obtained additional compensation from third-party lenders. Advanced Medical made monthly payments on the Contracts and Leases for some time, but then the scheme collapsed, Advanced Medical ran out of cash, and it was unable to make its monthly payments to First Citizens. When First Citizens discovered the scheme, they were owed over \$1,000,000 and the Equipment was gone.

12. At all relevant times, Messenheimer was the President and Chief Operating Officer of Advanced Medical.

13. The particular items of Equipment are as follows:

Contract 1

14. On or about June 8, 2007, for valuable consideration, Advanced Medical executed and delivered to Plaintiff a Finance Contract in the principal amount of Seventy Thousand and No/100 Dollars (\$70,000.00) ("Contract 1").

15. A photocopy of Contract 1 is attached hereto as Exhibit A and is incorporated herein by reference as if completely set forth.

16. To secure Contract 1, Advanced Medical executed a Security Agreement dated June 8, 2007 (the "Contract 1 Security Agreement") covering a Lightshear ET 400 MS bearing Serial No. T4467, with all additions, accessories, accessions thereto, and replacements thereof, as described more particularly in the Contract 1 Security Agreement (the "Contract 1 Collateral"). (A photocopy of the Contract 1 Security Agreement is contained in "Exhibit A.)

Contract 2

17. On or about July 27, 2007, for valuable consideration, Advanced Medical executed and delivered to Plaintiff a Finance Contract in the principal amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00) ("Contract 2").

18. That a photocopy of Contract 2 is attached hereto as "Exhibit B" and is incorporated herein by reference as if completely set forth.

19. To secure Contract 2, Advanced Medical executed a Security Agreement dated July 27, 2007 (the "Contract 2 Security Agreement") covering a Gentlelase Laser System with all additions, accessories, accessions thereto, and replacements thereof, as described more particularly in the Contract 2 Security Agreement (the "Contract 2 Collateral").

Contract 3

20. On or about October 19, 2007, for valuable consideration, Advanced Medical executed and delivered to Plaintiff a Contract in the principal amount of Two Hundred Forty-Three Thousand Eight Hundred Fifty and No/100 Dollars (\$243,850.00) ("Contract 3").

21. A photocopy of Contract 3 is attached hereto as Exhibit C and is incorporated herein by reference as if completely set forth.

22. To secure Contract 3, Advanced Medical executed a Security Agreement dated October 19, 2007 (the "Contract 3 Security Agreement") covering a Accent SL System and Harmony System with all additions, accessories, accessions thereto, and replacements thereof, as described more particularly in the Contract 3 Security Agreement (the "Contract 3 Collateral"). (A photocopy of the Contract 3 Security Agreement is contained in Exhibit C.)

Contract 4

23. On or about November 30, 2007, for valuable consideration, Advanced Medical executed and delivered to Plaintiff a Contract in the principal amount of Eighty Thousand Nine Hundred and No/100 Dollars (\$80,900.00) ("Contract 4").

24. A photocopy of Contract 4 is attached hereto as Exhibit D and is incorporated herein by reference as if completely set forth.

25. To secure Contract 4, Advanced Medical executed a Security Agreement dated November 30, 2007 (the Contract 4 Security Agreement") covering a Accent SL System 110V, with Bipolar & Unipolar HP, with all additions, accessories, accessions thereto, and replacements thereof, as described more particularly in the Contract 4 Security Agreement (the "Contract 4 Collateral"). (A photocopy of the Contract 4 Security Agreement is contained in Exhibit D.)

Lease 1

26. On or about July 17, 2008, for valuable consideration, Advanced Medical executed and delivered to Plaintiff an Equipment Lease (Master) (the "Master Equipment Lease").

27. A photocopy of the Master Equipment Lease is attached hereto as Exhibit E and is incorporated herein by reference as if completely set forth.

28. Pursuant to the terms of the Master Equipment Lease, Advanced Medical executed and delivered to Plaintiff a Schedule of Leased Equipment dated July 17, 2008 in the principal amount of Two Hundred Fifteen Thousand Six Hundred Ninety-Seven and No/100 Dollars (\$215,697.00) ("Lease 1").

29. Pursuant to Lease 1, Plaintiff leased to Advanced Medical an e_max-115Vac Assy bearing Serial No. U02070205 and a VelaShape System 115V bearing Serial No. U03460832 with all additions, accessories, accessions thereto and replacements thereof, as described more particularly therein (the "Lease 1 Collateral"). (A photocopy of Lease 1 is attached hereto as Exhibit F and is incorporated herein by reference as if completely set forth.)

Lease 2

30. Pursuant to the terms of the Master Equipment Lease, Advanced Medical executed and delivered to Plaintiff a Schedule of Leased Equipment dated July 17, 2008 in the principal amount of One Hundred Forty Thousand Three Hundred Fifty-Three and 20/100 Dollars (\$140,353.20) ("Lease 2").

31. Pursuant to Lease 2, Plaintiff leased to Advanced Medical a Gentlelase Demo Laser bearing Serial No 9914-0880-3724 and a VelaShape System bearing Serial No. 003460842 with all additions, accessories, accessions thereto and replacements thereof, as

described more particularly therein (the "Lease 2 Collateral"). (A photocopy of Lease 2 is attached hereto as Exhibit G and is incorporated herein by reference as if completely set forth.)

Lease 3

32. Pursuant to the terms of the Master Equipment Lease, Advanced Medical executed and delivered to Plaintiff a Schedule of Leased Equipment dated July 17, 2008 in the principal amount of Two Hundred Forty-One Thousand Six Hundred Fifty-Seven and 20/100 Dollars (\$241,657.20) ("Lease 3").

33. Pursuant to Lease 3, Plaintiff leased to Advanced Medical an Accolade Laser System, Affinity QS System and Smart Cool 6 System; a ThermaCool NXT System with handpiece with all additions, accessories, accessions thereto and replacements thereof, as described more particularly therein (the "Lease 3 Collateral"). (A photocopy of Lease 3 is attached hereto as Exhibit H and is incorporated herein by reference as if completely set forth.)

Lease 4

34. Pursuant to the terms of the Master Equipment Lease, Advanced Medical executed and delivered to Plaintiff a Schedule of Leased Equipment dated July 17, 2008 in the principal amount of One Hundred Eighty-Six Thousand Five Hundred Nine and 40/100 Dollars (\$186,509.40) ("Lease 4").

35. Pursuant to Lease 4, Plaintiff leased to Advanced Medical a SmartLipo MPX Laser System bearing Serial No. RX8A4515 with all additions, accessories, accessions thereto and replacements thereof, as described more particularly therein (the "Lease 4 Collateral"). (A photocopy of Lease 4 is attached hereto as Exhibit I and is incorporated herein by reference as if completely set forth.)

36. First Citizens has a properly-perfected security interest in the Equipment described in Contracts 1-4.

37. First Citizens was the owner of the Equipment described in Leases 1-4.

38. Advanced Medical, through Messenheimer, engaged in a pattern, practice, and course of conduct in which they leased or financed the Equipment from First Citizens

under the pretense that it would be used solely for demonstration purposes.

39. As part of this transaction, First Citizens would pay a third-party vendor on behalf of Advanced Medical so they could acquire the Equipment.

40. Advanced Medical, through Messenheimer, represented to First Citizens that the Equipment would remain located at Advanced Medical's offices in Greensboro, North Carolina.

41. Once Advanced Medical acquired the Equipment from First Citizens, it then sold it to third parties.

42. Upon information and belief, the third parties acquired the Equipment in good faith and for fair market value, such that First Citizens has no recourse against them.

43. Upon information and belief, Messenheimer facilitated the sales of the Equipment to third parties.

44. Upon information and belief, Messenheimer facilitated the sales of the Equipment to third parties with full knowledge that First Citizens either owned or had a security interest in the Equipment.

45. Advanced Medical did not seek or receive permission from First Citizens to sell any of the Equipment.

46. Advanced Medical was paid by the third parties for the Equipment.

47. No one at Advanced Medical told anyone at First Citizens that they had sold the Equipment to third parties.

48. Advanced Medical did not pay off their obligations to First Citizens after they sold the Equipment to third parties.

49. Upon information and belief, Messenheimer received some of the proceeds from the sale of the Equipment for their own personal benefit.

50. First Citizens did not find out what had happened to its Equipment until the Contracts and Leases went into payment default in 2009.

51. Upon information and belief, Advanced Medical, through Messenheimer, arranged for the financing of some of the Equipment for third party purchasers.

52. Upon information and belief, Advanced Medical, through Messenheimer,

arranged for the sale of some of the Equipment to third parties before it entered into a contract or lease with First Citizens.

53. For instance, as to Contract 1, Advanced Medical, through Messenheimer, had sold the Equipment described therein to a third party named Accurate Evaluators before it executed Contract 1 in favor of First Citizens.

54. In Contract 1, Advanced Medical, through Messenheimer, granted First Citizens a security interest in Equipment that it did not possess or own, but had previously sold to Accurate Evaluators.

55. First Citizens relied on the false representations by Advanced Medical in loaning \$70,000 under Contract 1.

56. Rather than having a secured loan under Contract 1, First Citizens ended up with an unsecured loan.

57. The invoice submitted to First Citizens in connection with Contract 1 indicates on its face that the Equipment is "Ship To" and "Bill To" the attention of Jeremy Williams at Advanced Medical.

58. Advanced Medical received and accepted the \$70,000 from First Citizens under Contract 1.

59. In Contract 3, Advanced Medical, through Messenheimer, granted First Citizens a security interest in Equipment that it did not possess or own.

60. As to Contract 3, Advanced Medical, through Messenheimer, sold the Equipment described therein to a third party named Lite Touch Medical Spa in Chantilly, Virginia.

61. Upon information and belief, Advanced Medical arranged the financing of this equipment for Lite Touch Medical Spa.

62. With respect to the Equipment, Advanced Medical submitted inaccurate invoices to First Citizens.

63. For instance, as to Contract 3 specifically, the invoice from the vendor of the Equipment stated that the Equipment was shipped to Advanced Medical at 415 Pisgah Church Road, Suite 348, Greensboro, North Carolina. The vendor actually shipped the

Equipment directly to Lite Touch Medical Spa in Chantilly, Virginia.

64. Upon information and belief, Advanced Medical requested that the vendors complete the invoice in this way to deceive First Citizens of their true intentions with respect to the equipment.

65. Upon information and belief, Advanced Medical, through Messenheimer, would communicate with the vendor to provide it with shipping information inconsistent with the invoice information shared with First Citizens.

66. As to Contract 4, Advanced Medical, through Messenheimer, sold the Equipment described therein to a third party named The Bloch Group, Laser Cosmetica, in the state of New York.

67. As to Lease 1, Advanced Medical, through Messenheimer, sold the Equipment described therein to a third party named Christenberry Eye Center in Charlotte, North Carolina.

68. As to Lease 2, Advanced Medical, through Messenheimer, sold the Equipment described therein to a third party named Albany Family Medicine in Albany, New York.

69. As to Lease 3, Advanced Medical, through Messenheimer, sold one piece of the Equipment described therein to a third party named Dr. Christopher Degn in Fallon, Nevada and the other piece of Equipment described therein to Anderson Dental of Fort Lee, New Jersey.

70. As to Lease 4, Advanced Medical, through Messenheimer, sold the Equipment described therein to a third party named The Masri Clinic in Dearborn, Michigan.

71. Upon information and belief, Advanced Medical, through Messenheimer, arranged financing for the third-party purchasers of the Equipment and, in so doing, received compensation from the third-party lender as part of the transaction.

72. All of the Contracts and Leases are in payment default. There have been no payments on any of the Contracts and Leases since before September 2009.

73. Advanced Medical remains in possession of the Equipment described in Contract 2.

74. Messenheimer executed an Unconditional Continuing Guaranty in which he guaranteed all of the indebtedness of Advanced Medical to First Citizens.

75. A copy of the Guaranty is attached hereto as Exhibit J and incorporated herein by reference as if completely set forth.

FIRST CLAIM FOR RELIEF AS TO DEFENDANT

ADVANCED MEDICAL AND MESSENHEIMER

(Money Owed and Possession)

76. Plaintiff realleges the preceding allegations as if fully set forth herein.

77. Advanced Medical is in default, both payment and otherwise, under the Contracts and the Leases.

78. Messenheimer also is in default under the terms of his Guaranty.

79. First Citizens is the holder of the Contracts and Leases.

80. There is due and owing on the Contracts and the Leases the following amounts:

a. As to Contract 1, \$37,057.97 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

b. As to Contract 2, \$105,451.71 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

c. As to Contract 3, \$184,216.71 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

d. As to Contract 4, \$62,544.38 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

e. As to Lease 1, \$150,188.46 plus interest from and after September 29, 2009 at the legal rate until paid in full

f. As to Lease 2, \$99,716.56 plus interest from and after September 29, 2009 at the legal rate until paid in full.

g. As to Lease 3, \$188,360.19 plus interest from and after September 29, 2009 at the legal rate until paid in full.

h. As to Lease 4, \$152,580.90 plus interest from and after September 29, 2009 at the legal rate until paid in full.

81. First Citizens is entitled to a money judgment against Advanced Medical and Messenheimer for the amounts set forth above pursuant to the terms of the Contracts and Leases.

82. Pursuant to the provisions of North Carolina General Statutes Section 6-21.2, First Citizens made upon Advanced Medical and Messenheimer and notified them that attorneys' fees in the amount of fifteen percent (15%) of the outstanding indebtedness would be collected if payment of the outstanding balance was not made within five (5) days from the date of said notification.

83. The outstanding balance has not been paid and more than five (5) days have elapsed since the mailing of said notification.

84. First Citizens is entitled to an award of attorneys' fees in the amount of fifteen percent (15%) of the outstanding indebtedness at the time of filing of this action as to each Contract and Lease.

85. First Citizens is entitled to an order of possession as to the Equipment described in the Contracts and Leases.

SECOND CLAIM OF RELIEF AS TO DEFENDANT MESSENHEIMER

(False Pretenses - 11 U.S.C. § 523(a)(2)(A))

86. Plaintiff realleges the preceding allegations as if fully set forth herein.

87. By his actions described above, Messenheimer obtained money, property, services, or an extension, renewal, or refinancing of credit from First Citizens, by false pretenses, false representation or actual fraud.

88. Messenheimer owes First Citizens such amounts as set forth in the First Claim for Relief or as the Court determines.

89. The debt of Messenheimer to First Citizens is non-dischargeable under 11 U.S.C. § 523(a)(2)(A).

THIRD CLAIM FOR RELIEF AS TO DEFENDANT MESSENHEIMER

(False Statement in Writing - 11 U.S.C. § 523(a)(2)(B))

90. Plaintiff realleges the preceding allegations as if fully set forth herein.

91. By his actions described above, Messenheimer obtained money, property, services, or an extension, renewal or refinancing of credit from First Citizens, by use of a statement in writing (i) that is materially false; (ii) respecting the Debtor's or insider's financial condition; (iii) on which First Citizens reasonably relied; and (iv) with intent to deceive.

92. Messenheimer owes First Citizens such amounts as set forth in the First Claim for Relief or as the Court determines.

93. The debt of Messenheimer to First Citizens is non-dischargeable under 11 U.S.C. § 523(a)(2)(B).

FOURTH CLAIM FOR RELIEF AS TO DEFENDANT MESSENHEIMER

(Misappropriation of Funds - 11 U.S.C. § 523(a)(4))

94. Plaintiff realleges the preceding allegations as if fully set forth herein.

95. By his actions described above, Messenheimer (i) obtained loans from First Citizens through fraud; (ii) appropriated funds for his own benefit by fraudulent intent or deceit; and (iii) disbursed or used those funds without explanation of reason or purpose.

96. Messenheimer owes First Citizens such amounts as set forth in the First Claim for Relief or as the Court determines.

97. The debt of Messenheimer to First Citizens is non-dischargeable under 11 U.S.C. § 523(a)(4).

FIFTH CLAIM FOR RELIEF AS TO DEFENDANT MESSENHEIMER

(Willful and Malicious Injury to Plaintiff and Property - 11 U.S.C. § 523(a)(6))

98. Plaintiff realleges the preceding allegations as if fully set forth herein.

99. Section 11 U.S.C. § 523(a)(6) of the Bankruptcy Code provides, inter alia, that a discharge of a debtor under the Bankruptcy Code does not discharge an individual debtor from any debt for willful and malicious injury by the debtor to another entity or to the property of another entity.

100. "Willful" has been defined as requiring "an intentional injury, not merely an intentional act that results in injury." In re Brookshire, 2006 WL 83411 (Bankr. M.D.N.C., January 10, 2006).

101. "Malicious" does not require ill will. Id.

102. "An injurious act done deliberately and intentionally, in knowing disregard of the rights of another is sufficiently willful and malicious for purposes of Section 523(a)(6)." Id.; See also In re Trantham, 304 B.R. 298 (B.A.P. 6th Cir. 2004).

103. Upon information and belief, Messenheimer willfully and maliciously disposed of property of Plaintiff that caused injury to Plaintiff.

104. Upon information and belief, Messenheimer engaged in the other acts as described in the previous Claims for Relief intentionally and maliciously and, in the process, has injured Plaintiff.

105. Upon information and belief, Messenheimer knew that his actions were substantially certain to and would in fact result in injury to Plaintiff.

106. The debt of Messenheimer to First Citizens is non-dischargeable under 11 U.S.C. § 523(a)(6).

SIXTH CLAIM FOR RELIEF AS TO DEFENDANTS

ADVANCED MEDICAL AND MESSENHEIMER

(Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat § 75-1)

107. Plaintiff realleges the preceding allegations as if fully set forth herein.

108. The actions of Defendants as alleged above were in or affecting commerce within the meaning of N.C. Gen. Stat. § 75-1.1. More specifically, Advanced Medical resides in and is engaged in business in this district. As part of their business, Advanced Medical entered into the Contracts and Leases with First Citizens.

109. The actions of Defendants as alleged above constitute unfair and deceptive trade practices in violation of N.C. Gen. Stat. § 75-1.1. In particular, in addition to violating the express terms of and defaulting under the Contracts and Leases, Defendants acted unfairly and deceptively at least by:

- a. inducing First Citizens to loan money to them under the false pretense that First Citizens would be a secured creditor;
- b. executing documents in favor of First Citizens that contained materially false misrepresentations;
- c. arranging for the sale of the Equipment before they acquired it from First Citizens;
- d. submitting false invoices to First Citizens;
- e. selling the Equipment to third parties without the knowledge or consent of First Citizens;
- f. selling the Equipment to third parties without informing them of First Citizens' security or ownership interest;
- g. keeping the proceeds from the sale of the Equipment without remitting them to First Citizens;
- h. using the proceeds for the personal benefit of Messenheimer;
- i. refusing to provide accurate information about the Equipment, the Contracts, and the Leases to First Citizens;

110. The actions of Defendants as alleged above are immoral, oppressive, unscrupulous, and substantially injurious to First Citizens, and constitute substantial aggravating circumstances.

111. As a direct and proximate result of the acts of the Defendants, First Citizens has been damaged in excess of \$1,000,000, plus interest, or in an amount to conform to proof at trial.

112. Pursuant to the provisions of N.C. Gen. Stat. §§ 75-16 and 75-16.1, First Citizens is entitled to recovery of treble damages and reasonable attorneys' fees and costs from Defendants.

WHEREFORE, Plaintiff prays unto the Court as follows:

1. As to the First Claim for Relief, Plaintiff have and recover of Defendants Advanced Medical Equipment Distribution Corporation and Brendan Messenheimer the following sums:

a. As to Contract 1, \$37,057.97 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

b. As to Contract 2, \$105,451.71 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

c. As to Contract 3, \$184,216.71 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

d. As to Contract 4, \$62,544.38 plus interest at the contract rate of 15% per annum from and after July 7, 2010 until paid in full.

e. As to Lease 1, \$150,188.46 plus interest from and after September 29, 2009 at the legal rate until paid in full.

f. As to Lease 2, \$99,716.56 plus interest from and after September 29, 2009 at the legal rate until paid in full.

g. As to Lease 3, \$188,360.19 plus interest from and after September 29, 2009 at the legal rate until paid in full.

h. As to Lease 4, \$152,580.90 plus interest from and after September 29, 2009 at the legal rate until paid in full.

i. Attorneys' fees of 15% of the outstanding indebtedness as to each Contract and Lease as of the date of filing of this action.

2. Additionally as to the First Claim for Relief, Defendants and each directed to deliver to Plaintiff possession of the Equipment described in the Contracts and Leases within ten days of entry of judgment by the Court.

3. As to the Second, Third, Fourth, and Fifth Claims for Relief, that the Court enter a judgment determining the debts of Messenheimer to Plaintiff described in the First and Sixth Claims for Relief to be non-dischargeable pursuant to 11 U.S.C. §§ 523(a)(2)(A), (a)(2)(B), (a)(4), and (a)(6).

4. As to the Sixth Claim for Relief, Plaintiff have and recover a judgment against all Defendants for treble damages, reasonable attorneys' fees, and costs.

5. Plaintiff have and recover pre-judgment and post-judgment interest;

6. Plaintiff have and recover such other and further relief as to the Court may seem just and proper.

This the 15th day of July, 2010.

/s/ Lance P. Martin

Lance P. Martin

N.C. State Bar I.D. No.: 027287

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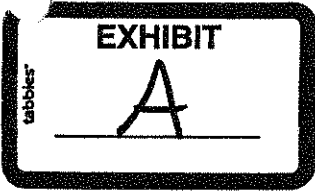
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Attorneys for First-Citizens Bank & Trust Company

730098-11446-001

ND: 4841-4771-9430, v. 1



FILM

**FINANCE CONTRACT
(For Business Transactions)**

June 8, 2007
Date of this Finance Contract

\$70,000.00
Face Amount of this Finance Contract

FOR BANK USE ONLY:	
Finance Contract# 22613001	Name and Address in Which Account will be Booked: Advanced medical Equipment Distribution Corporation 415 Pisgah Church Rd, Suite 348 Greensboro, NC 27455

FOR VALUE RECEIVED, the undersigned maker(s), jointly and severally, promise(s) to pay to the order of FIRST-CITIZENS BANK & TRUST COMPANY ("Lender") the sum specified above as the Face Amount of this Finance Contract, together with interest accrued thereon from the date hereof at the interest rate or rates per annum specified below, until paid in full. The undersigned maker(s) also promise(s) to pay (i) late charges, and other fees and charges as specified herein, and (ii) the cost of all fees paid or to be paid to public officials for recording, perfecting, maintaining, canceling and/or releasing any security interest in any Collateral securing this Finance Contract. Interest is to be accrued and principal and interest are to be paid as follows:

ADDENDUM. If the foregoing box is checked, this Finance Contract is modified, amended and supplemented by that Finance Contract Addendum attached hereto and incorporated herein by reference. The Finance Contract Addendum shall be fully binding upon each maker, jointly and severally, when signed or initialed by or on behalf of any one or more of the makers.

1. **INTEREST RATE.** Interest is calculated on the Date of this Finance Contract on a simple interest basis accruing _____ [monthly, unless specified otherwise] as though each payment is made on its due date, and then amortized over the payment term to determine the payment amount in Section 2. Rates are stated in simple interest terms. If a variable rate applies, the interest is adjusted in the event of an interest rate change to re-calculate interest over the remaining period. Partial prepayments and early payments do not affect the interest calculation and do not reduce interest payable. Unless the default rate described in section 5 below applies, interest shall accrue on the outstanding principal balance: *(Complete Section A or B. If neither is completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)*

(A) At the fixed interest rate of 6.75 percent per annum.

(B) At the variable interest rate of _____ percentage points above (or below, if checked) the Prime Rate established from time to time by First Citizens Bank (the "Prime Rate"). However, the interest rate will not at any time exceed the maximum rate of _____ percent per annum (or the maximum rate permitted by applicable law, whichever is less), or fall below the minimum rate of _____ percent per annum. The interest rate as of the date of this Finance Contract is _____ percent per annum. The interest rate is subject to change on a daily basis with changes becoming effective on the calendar day the Prime Rate changes.

2. **PAYMENT TERMS.** *(If the following is not completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)*

The Face Amount and accrued interest thereon is payable in 48 equal consecutive monthly (monthly, quarterly, semi-annual, etc.) payments of \$1,658.80 each commencing on June 8, 2007 (the "Regular Payment Commencement Date") and on the same day of each such calendar period thereafter and one final payment of \$1,658.80 due on June 8, 2011 (hereafter referred to as "Maturity"), unless sooner paid. The periodic payment amount specified includes principal and interest. If interest accrues under this Contract at a variable rate, the payment amounts will be adjusted by Lender in the event of a rate change in order to amortize the outstanding balance with the same final payment amount and Maturity as set forth above.

3. **FEES.** Lender service fees in the amount of \$260.00 are due and payable to Lender upon the signing of this Finance Contract.

4. **LATE CHARGE.** Maker agrees to pay a late charge of 4% of the unpaid portion of any payment past due for 15 days or more.

5. **DEFAULT RATE.** Upon default and following notice, if notice is required by law, including failure to pay at Maturity, Lender may, at its option and without prior notice to any obligor, increase the interest rate on this Finance Contract to 15%

per annum or the maximum rate permitted by applicable law, whichever is less. This default rate of interest shall continue in effect unless and until the subject default is cured, in Lender's sole discretion, following which cure the rate of interest on this Finance Contract shall continue to accrue at the rate of interest that would apply if a default had not occurred. However, Lender will not increase the interest rate to the default rate if such an increase is prohibited by law. To the extent allowed by applicable law, the interest rate set forth in this Finance Contract (including the default rate) or the legal rate of interest, whichever is greater, shall apply to any indebtedness due following the entry of a judgment relating to the collection of this Finance Contract. The difference in interest at the default rate or legal rate, and the rate set forth in Section 1, is due and payable by maker to Lender immediately on demand.

6. **PRIME RATE.** Lender's "Prime Rate" of interest, as that term is used in this Finance Contract, means that rate established from time to time by Lender and identified as such within Lender's offices. The term "Prime Rate" is used as a means of identifying a rate of interest index and is not a representation by Lender that the Prime Rate is necessarily the lowest or most favorable rate of interest offered by Lender to borrowers generally, and no obligor shall have any claim or right of action based on such premise.

7. **PAYMENTS.**

- (a) This Finance Contract may be prepaid in full at any time, subject to an early termination fee of \$300. Lender is not required to accept or apply any early payment or partial prepayment. Early payments and partial prepayments accepted by Lender are credited against the next payment(s) due as though paid on the due date of each such payment, and do not reduce interest on the remaining principal balance or earn interest for maker.
- (b) Unless otherwise specified in this Finance Contract, each consecutive payment is due on the same day of the calendar period specified.
- (c) Lender accepts payments to this Finance Contract as of the business day Lender receives U.S. legal tender or collected funds. U.S. legal tender shall be deemed received on the Lender's business day when received. Collected funds shall be deemed received on Lender's business day when cleared or otherwise irrevocably available to Lender. Lender's "business day" shall mean the business day for Lender's transactions between the applicable cut-off times on consecutive banking days. Partial prepayments and early payments are not applied against this Finance Contract until the applicable payment due date(s) as described in Section 7(a).
- (d) Any item delivered to Lender as payment hereunder which is returned or charged back to Lender shall be considered as not having been received by Lender.
- (e) Payments received will be applied in the following order: (i) late fees, if any, (ii) additional interest, if any, (iii) amounts due from maker other than payments, such as reimbursements and fees, (iv) past due payments, and (v) current payments due. If maker fails to make any installment payment within 14 days after it is due, then, in accordance with the foregoing order, subsequent payments received shall be applied first to the past due balance in the order in which the installments were due. Lender may, to the extent permitted by applicable law, impose a separate late charge for each subsequent installment that becomes 15 days or more past due.
- (f) Maker agrees not to send Lender payments marked "Paid in Full," "Without Recourse," or similar language. If maker sends such a payment, Lender may accept it without losing any of Lender's rights under this Finance Contract, and maker will remain obligated to pay any further sums owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Citizens Bank, Commercial Leasing Department-RWN28, P.O. Box 29519, Raleigh, NC 27626-0519.

8. **WAIVERS.** Each obligor hereby (a) waives notice of delinquency, notice of default, notice of intent to accelerate, notice of acceleration, demand for payment, presentment for payment, notice of protest, protest, notice of nonpayment and notice of dishonor; (b) agrees that any extension of time for the payment of this Finance Contract shall not release or reduce the liability of any obligor, and further waives all notice of each such extension; (c) waives all rights to discharge under section 3-605 of the Uniform Commercial Code, as amended from time to time, and the corresponding provisions of any state or federal laws; (d) waives the benefits of any statutory provision limiting the liability of a surety and all claims against Lender and all defenses based on suretyship or impairment of collateral, and (e) waives any homestead or exemption laws and any rights thereunder affecting the full collection of this Finance Contract; (f) waives the benefits of any legal or equitable doctrine or principle of marshalling; (g) waives the benefits of any statutory provisions limiting the right of a lender to

recover a deficiency judgment, or to otherwise proceed against any person or entity obligated for payment of this Finance Contract, after foreclosure or trustee's sale of any security for this Finance Contract; and (h) agrees that none of the following shall release or reduce the liability of any obligor in any manner whatsoever: (i) the release of any one or more of the obligors or any settlement or compromise with any one or more of the obligors with respect to this Finance Contract, any Security Instrument or any of the other Finance Documents; (ii) the taking or compromise, modification, substitution, exchange, impairment, waiver, release or surrender of any Collateral or Security Instrument taken as security for this Finance Contract or for performance under any Security Instrument or any of the other Finance Documents; or (iii) the amendment, modification, extension, renewal, increase, or consolidation of this Finance Contract, any Security Instrument or any of the other Finance Documents, and each obligor waives notice of each such release, settlement, compromise, taking, substitution, exchange, impairment, waiver, surrender, amendment, modification, extension, renewal, increase, or consolidation. Lender shall have no duty whatsoever to monitor or verify the use of the proceeds of this Finance Contract or to ensure or verify that any finance proceeds are used for the purpose described in any of the Finance Documents. Each obligor hereby waives and agrees not to assert against Lender any claim or defense whatsoever based on (a) the actual or intended use of finance proceeds, (b) the failure of any finance proceeds to be used for any purpose described in any of the Finance Documents and/or (c) Lender's knowledge that finance proceeds were not used for the purpose described in any of the Finance Documents.

9. **EVENTS OF DEFAULT.** This Finance Contract, each Security Instrument and the other Finance Documents shall be in default upon the happening of any of the following "events of default":

- (a) Any payment is not made as and when due according to the terms of this Finance Contract;
- (b) Default in the performance of any obligation, covenant or condition contained in, or the occurrence of any other event of default under, this Finance Contract, any Security Instrument or any of the other Finance Documents;
- (c) Default by any obligor under any other Finance Contract, obligation or indebtedness owed to Lender (whether such Finance Contract, obligation or indebtedness now exists or is hereafter made), or default in any obligation or instrument securing any such Finance Contract, obligation or indebtedness;
- (d) Any warranty, representation or statement made or furnished to Lender by or on behalf of any maker or guarantor in connection with this financing transaction, or to induce Lender to enter into this Finance Contract, is false or misleading in any material respect at any time during the term of this Finance Contract or at the time made or furnished;
- (e) The death, dissolution, business failure, liquidation, or termination of existence of any maker or guarantor;
- (f) The corporate or legal existence of any maker or guarantor is terminated or suspended, or any maker or guarantor fails to maintain its corporate or legal existence in good standing;
- (g) Any guarantor disputes the validity of, or guarantor's liability under, any guaranty of this Finance Contract, or any guarantor revokes or attempts to revoke the guarantor's prospective liability under any guaranty of this Finance Contract for future advances or obligations, or any guarantor refuses to satisfy its guaranty in accordance with the terms of the guaranty;
- (h) The sale, transfer or conveyance without Lender's prior written consent of more than 25% of the voting stock, partnership interests or limited liability company interests, as the case may be, of any maker or guarantor that is a corporation, partnership, limited partnership or limited liability company;
- (i) Any voluntary or involuntary bankruptcy, reorganization, insolvency proceeding, receivership, or other similar proceeding is commenced by or against any maker or guarantor as debtor under any federal or state law, or any maker or guarantor becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
- (j) The entry of any final monetary judgment or the assessment and/or filing of any tax lien against any maker or guarantor that is not satisfied, released or discharged within 30 days of entry;
- (k) The issuance of any writ of garnishment, attachment, levy, seizure order, or forfeiture order against any property of, debts due, or rights of any maker or guarantor, including the commencement of any action or proceeding to seize monies of any maker or guarantor on deposit in any account with Lender; or

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- (l) Lender in good faith believes that the prospect of timely payment or other performance by any maker or guarantor is impaired or Lender otherwise in good faith deems itself or its collateral insecure.

If an event of default occurs, in addition to all other remedies available to Lender, Lender shall not be further obligated to advance any financing proceeds.

10. **NOTICE OF DEFAULT AND RIGHT TO CURE.** Unless notice has been previously given by Lender of the same or any other event of default within the preceding 12 months, maker shall have five (5) business days following Lender's giving of written notice of default within which to cure the default before Lender may require the immediate payment of this Finance Contract in full.
11. **ACCELERATION.** If an event of default occurs and (a) maker is not entitled to notice of default or the opportunity to cure or (b) the default is not cured during the cure period, then this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. In addition, if Lender has the right to accelerate this Finance Contract under the provisions of any Security Instrument as a result of Collateral being sold, transferred, conveyed or encumbered, Lender shall not be further obligated to advance any financing proceeds, and this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. Lender's failure to exercise any of the foregoing options (in whole or in part) shall not constitute a waiver of the right to exercise such options. Waiver by Lender of any default or right to accelerate shall not operate as a waiver of any other default or right to accelerate or of the same default or right to accelerate on any other occasion. Acceptance by Lender of payment of less than the entire unpaid balance after acceleration of this Finance Contract shall not cure a default or waive an acceleration, and Lender shall be entitled to proceed with its rights and remedies as Finance Contract holder (and as secured party, if applicable).
12. **COLLECTION COSTS/ATTORNEYS' FEES.** To the extent permitted by applicable law, maker promises to pay to Lender all of Lender's collection costs and expenses, including, but not limited to, (a) court costs; (b) Lender's reasonable attorneys' fees actually incurred if any sums under this Finance Contract are collected by or through an attorney, whether or not there is a lawsuit; and (c) expenses incurred to (i) trace and/or locate any obligor; (ii) collect this Finance Contract in whole or in part and, where applicable, reinstate the Finance Contract; (iii) trace, locate, recover, repossess, transport, store, hold, and assess any Collateral (including environmental assessments and appraisal expenses); and (iv) protect the Collateral and Lender's interest in the Collateral, including the cost of any bonds. The costs recoverable by Lender under this section shall include expenses that may not be taxable as court costs, including, without limitation, all costs and expenses incident to appellate, bankruptcy, post-judgment and alternative dispute resolution proceedings. All such costs and expenses shall be due and payable to Lender immediately upon Lender's payment of the same and may be added to the principal balance due and, to the extent permitted by law, shall bear interest at the rate specified in this Finance Contract. Maker shall be liable for the payment of the same as an additional obligation under this Finance Contract, which shall be secured by all Collateral and each Security Instrument. Lender shall have no duty to release Collateral until all such costs and expenses, in addition to all other obligations secured by this Finance Contract, are paid in full.
13. **SETOFF.** Lender has the right of setoff as provided by law (and/or as provided by the applicable Deposit Account Agreement) against the accounts and monies of each obligor which are held by Lender, which right Lender may exercise without any notice to any obligor.
14. **MISCELLANEOUS.** This Finance Contract shall be the joint and several obligation of each maker. No waivers or modifications of the terms of this Finance Contract shall be valid unless they are reduced to writing and duly executed by the party to be charged therewith. This Finance Contract is subject to the provisions of each commitment letter and agreement given, received or signed in connection with this financing transaction, the terms and conditions of which are incorporated herein by reference. If the terms of any such commitment letter or agreement conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control. This Finance Contract, each Security Instrument and all other Finance Documents shall be binding upon each obligor and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of and be enforceable by Lender and its successors, transferees and assigns. This Finance Contract and all guaranties and endorsements of this Finance Contract have been entered into in the State of North Carolina and shall be deemed to have been made under and shall be governed by federal law and, except to the extent preempted by federal law, the laws of the State of North Carolina in all respects, including matters of construction, validity and performance. Any action, suit or proceeding relating to this Finance Contract or any guaranty or endorsement of this Finance Contract may be instituted and prosecuted in the state or federal courts of the State of North Carolina, and each obligor waives any and all defenses relating to the jurisdiction and venue of such courts. Any photocopy, microfilm, microfiche or optical image of this Finance Contract may be presented as evidence in lieu of the original in any legal proceeding to enforce the terms of this Finance Contract and shall have the same validity as the original.

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16. **DEFINITION OF TERMS.** As used herein, (a) "maker" means each maker who signs this Finance Contract, jointly and severally; (b) "guarantor" means each guarantor who guarantees the payment of all or any portion of this Finance Contract; (c) "obligor" means each maker, guarantor, endorser, and surety of all or any portion of this Finance Contract; (d) this "Finance Contract" refers to this instrument and to the indebtedness evidenced by this instrument; (e) "Security Instrument" includes each and every pledge, assignment, security agreement, guaranty, mortgage, deed to secure debt, deed of trust, hypothecation, or other security instrument or arrangement given to secure repayment of all or any portion of this Finance Contract or performance under any of the Finance Documents, whether now existing or hereafter arising; (f) "Collateral" means any collateral that secures repayment of this Finance Contract; (g) "Finance Documents" include all documents executed and delivered in connection with the transaction evidenced by this Finance Contract (including this Finance Contract, each Security Instrument, any commitment letters, any agreements and all application documents), whether now existing or hereafter arising; and (h) "Lender" means First-Citizens Bank & Trust Company (or "First Citizens Bank") and its successors and assigns. The terms "Finance Contract," "Security Instrument," and "Finance Documents" include all amendments, modifications, extensions and renewals thereof. If the terms of any of the Finance Documents conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control.

SECURITY AGREEMENT

All the terms and conditions of this Security Agreement are incorporated into and made a part of this Finance Contract. Maker and Lender agree as follows:

1. **DEFINITIONS.**

- a) Collateral. For purposes of this Security Agreement, the "Collateral" consists of the following personal property of maker, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, together with any and all additions, attachments, accessories and accessions thereto and replacements thereof, any after-acquired similar properties, all supporting obligations relating thereto, and the proceeds and products thereof, including insurance proceeds: LIGHTSHEER ET 400 MS, s/n T4467, per LUMENIS invoice 10448128 dated 5/8/07, with all additions, accessories, accessions thereto, and replacements thereof

The following information must be provided only if the Collateral includes goods that are or are to become fixtures:

The real property to which the Collateral is related is located in the State of _____, County of _____, City of _____, Township of _____, and is more particularly described or identified as follows:

The record owner(s) of the foregoing real property is/are:

- b) Collection Expenses. The term "Collection Expenses" means (i) costs reasonably incurred by Lender to trace, locate, recover, repossess, transport, hold, store, insure, appraise, and assess (including environmental assessments) Collateral and prepare Collateral for sale; (ii) costs reasonably incurred by Lender to sell, lease or otherwise dispose of Collateral; (iii) the cost of any bonds Lender is required to post; (iv) court costs; and (v) to the extent permitted by applicable law, Lender's reasonable attorneys' fees actually incurred for the purpose of enforcing Lender's rights under this Security Agreement.
- c) Lien. The term "Lien" means any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of setoff, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.

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- d) Obligations. "Obligation" refers individually to each of the following, and "Obligations" refers collectively to all of the following:
 - 1) The Finance Contract set forth above, payable to the order of Lender, and any renewals, extensions or modifications thereof;
 - 2) All liabilities of maker to Lender under this Security Agreement;
 - 3) All "Collection Expenses" (as defined in this Security Agreement); and
 - 4) The repayment of any amounts that Lender advances or spends for the maintenance or preservation of the Collateral or for the benefit of maker.
- e) Permitted Liens. The term "Permitted Liens" means (i) Liens held by Lender, (ii) Liens for taxes not delinquent or for taxes being diligently contested in good faith by maker by appropriate proceedings (provided neither the Lien nor the proceeding impairs any of the Collateral or Lender's rights or remedies with respect thereto), and (iii) Liens specifically consented to in writing by Lender.
- f) UCC. The term "UCC" means the Uniform Commercial Code as amended from time to time. Any term defined in the UCC and not defined in this Security Agreement has the meaning given to that term in the UCC in effect on the date of this Security Agreement.

2. **MAKER'S NAME AND LOCATION.** Maker warrants and represents that:

- a) Maker's exact legal name is as set forth in the first paragraph of this Security Agreement.
- b) Maker is:
 - an individual. Maker's principal residence is located in the State of _____.
 - a corporation incorporated under the laws of the State of North Carolina.
 - a limited liability company (LLC) organized under the laws of the State of _____.
 - a partnership whose chief executive office is located in the State of _____.
 - a limited partnership organized under the laws of the State of _____.
 - Other - Specify: _____
maker's chief executive office is located in the State of _____.

3. **LOCATION OF COLLATERAL THAT CONSISTS OF GOODS.** Maker warrants and represents that:

- a) Collateral that consists of vehicles or other titled property will be titled solely in the State of _____. Maker will not take or permit any action that would require application for a certificate of title in any state other than _____ without Lender's prior written consent.
- b) Collateral that consists of vehicles will be garaged principally at the following location:

Maker will not change the place where any vehicle is principally garaged without Lender's prior written consent.

- c) All Collateral consisting of goods other than vehicles will be kept at the following location or locations:
415 Pisgah Church Rd, Suite 348, Greensboro, NC 27455

Maker will not remove the Collateral from that location or those locations without Lender's prior written consent.

4. **GRANT OF SECURITY INTEREST.** Maker hereby grants a continuing security interest in the Collateral to Lender to secure the payment or performance of the Obligations.

5. **PERFECTION OF SECURITY INTEREST.**

- a) Maker authorizes Lender to file financing statements describing the Collateral and any agricultural liens or other statutory liens held by Lender.
- b) Maker will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.
- c) Whenever required by Lender, maker will promptly deliver to Lender, with all endorsements and/or assignments required by Lender, all instruments, chattel paper, guaranties, and the like received by maker constituting, evidencing, or relating to any of the Collateral or proceeds of any of the Collateral.
- d) Where Collateral is in the possession of a third party, maker will join with Lender in notifying the third party of Lender's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Lender.
- e) Maker agrees to sign and deliver any additional documents and to take any further actions reasonably requested by Lender to evidence or perfect the security interest granted herein, to maintain the first priority of the security interest, or to effectuate the rights granted to Lender in this Security Agreement.

6. **RIGHTS CONCERNING THE COLLATERAL.**

- a) Until an event of default occurs, maker may have possession of Collateral consisting of tangible personal property and the beneficial use of all of the Collateral. Maker may use the Collateral in any lawful manner not inconsistent with this Security Agreement. However, Maker's right to possession and beneficial use will not apply to any Collateral to the extent Lender is required by law or chooses to perfect its security interest in such Collateral by possession.
- b) Either party to this Security Agreement may inspect any Collateral in the other party's possession at any time upon reasonable notice.
- c) The Collateral will remain personal property at all times. Except to the extent the Collateral specifically includes goods that are or are to become fixtures, maker will not affix any of the Collateral to any real property in any manner that would change its nature from that of personal property to real property or to a fixture without Lender's prior written consent.
- d) If Lender at any time has possession of any Collateral, whether before or after an event of default, Lender will be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as maker requests or as Lender, in Lender's sole discretion, deems appropriate under the circumstances, but failure to honor any request by maker will not of itself be deemed to be a failure to exercise reasonable care.
- e) Maker has the risk of loss of the Collateral.
- f) Lender has no duty to (i) collect any income accruing on the Collateral, (ii) enforce or preserve any rights relating to the Collateral, or (iii) preserve rights against account debtors or other parties that have a prior interest in the Collateral.

7. **MAKER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.** Maker warrants, represents and covenants as follows:

- a) Maker has rights in and the power to transfer the Collateral. The Collateral is free and clear of all Liens, except for Permitted Liens. No financing statement covering any of the Collateral is on file in any public office other than those that reflect the security interest created by this Security Agreement or to which Lender has specifically consented. Maker will defend Lender's rights in the Collateral against the claims and demands of all other persons.

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- b) Maker will take such actions and execute and deliver to Lender such documentation as Lender may reasonably request to provide Lender with a properly perfected and continuing first lien security interest in the entire Collateral. Maker will pay the cost of filing any financing statements that Lender deems necessary or desirable.
- c) Maker will, whenever requested, advise Lender of the exact location of all Collateral.
- d) Except for inventory sold and accounts collected in the ordinary course of maker's business, maker will not do any of the following without first obtaining Lender's written consent: (i) sell, offer to sell, lease, convey, or otherwise transfer or dispose of any of the Collateral or any interest therein, (ii) license any of the Collateral or any interest therein to any third party or parties, or (iii) grant any other security interest in any of the Collateral.
- e) Maker will not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any Lien, other than Permitted Liens, without Lender's prior written consent. This includes security interests, even if junior-in-right to the security interest granted under this Security Agreement.
- f) Maker will keep the Collateral in good order and repair, ordinary wear and tear excepted, and will not waste or destroy, or permit the waste or destruction of, the Collateral or any part thereof. Maker will not use the Collateral in violation of any statute, regulation or ordinance. Maker will promptly pay when due all taxes and assessments upon the Collateral arising from its use, operation, or ownership.
- g) Maker will notify Lender in writing prior to the occurrence of any of the following events:
 - (1) A change in maker's name or maker's assumed business name(s);
 - (2) A change in maker's principal residence (if maker is an individual), state of organization (if maker is a registered organization), or state where maker's chief executive office is located (if maker is any other type of organization);
 - (3) Maker converts to a different type of entity;
 - (4) Maker's legal existence is suspended or terminated;
 - (5) Maker merges or consolidates with or into any other entity; or
 - (6) Maker sells all or substantially all of its assets.

8. **INSURANCE.**

- a) Maker will procure and maintain comprehensive casualty insurance covering all risks, including (but not limited to) fire (including so-called extended coverage), theft and liability coverage, together with such other insurance as Lender may reasonably require with respect to the Collateral. If the Collateral is or includes one or more motor vehicles, the insurance coverage to be procured and maintained by maker will include collision insurance. Maker may obtain such insurance from any duly licensed company or companies. However, all policies must be in such form, contain such terms, be for such periods of time, provide for such deductibles, and be in such amounts as Lender may reasonably require, subject to any limitations imposed by applicable law. Insurance will be payable to Lender and maker as their respective interests may appear. Each policy will include a stipulation that coverage will not be cancelled or diminished without at least ten days' prior written notice to Lender, and no policy may include any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy will also include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of maker or any other person. Maker will furnish Lender certificates or other evidence satisfactory to Lender of compliance with these requirements.
- b) Maker will promptly notify Lender of any loss or damage to the Collateral. Lender may make proof of loss if Maker fails to do so within fifteen days of the casualty. Maker hereby assigns to Lender the proceeds of all such insurance to the extent of any balance due on the Obligations. Maker authorizes and directs each insurer to make payments directly to Lender. Maker hereby designates Lender as maker's attorney-in-fact. This appointment will be deemed a power coupled with an interest, will not be terminable as long as any of the Obligations are outstanding, and will not terminate on the disability or incompetence of maker. This power of attorney gives Lender the right (but not the

obligation) to file proof of loss and/or any other claim forms required to collect from any insurer any amount due from loss, damage or destruction of any of the Collateral, to agree to and bind maker as to the amount of said recovery, to designate payees of such recovery, to grant releases to payors-insurers for their liability, to grant subrogation rights to any such payor-insurer, and to endorse any settlement check or draft. Other than filing proof of loss and claim forms, maker agrees not to exercise any of the foregoing powers granted to Lender without Lender's written consent. If the cost of any such insurance is financed as part of any Obligation secured by this Security Agreement, maker hereby assigns to Lender any premium refund.

- c) Net insurance proceeds may be applied, at Lender's option, either toward replacing or restoring the Collateral, in a manner and on terms satisfactory to Lender, or as a credit against such of the Obligations, whether matured or unmatured, as Lender may determine in its sole discretion. If Lender allows the proceeds to be used to replace or restore Collateral, then such net proceeds will be deposited in a segregated account under Lender's exclusive control and may be disbursed therefrom by Lender in such manner and at such times as Lender deems appropriate to complete such replacement or restoration.

9. **RIGHTS OF LENDER TO PROTECT ITS INTEREST IN COLLATERAL.**

- a) At its option, Lender may (but will not be required to) discharge Liens levied or placed on the Collateral at any time and pay for the maintenance, repair, upkeep and preservation of the Collateral.
- b) If maker fails to maintain insurance on the Collateral as required by this Security Agreement, Lender may (but will not be obligated to) obtain and pay for such insurance or any other insurance that Lender deems appropriate to protect the interest of Lender and/or maker in the Collateral, including, if Lender so chooses, "single interest insurance" or "collateral protection insurance" that covers only Lender's interest in the Collateral.
- c) Any sums expended by Lender under this Security Agreement may be added to the Obligations secured by this Security Agreement and, unless otherwise provided by law, will, at Lender's option (i) be payable on demand; or (ii) be added to the balance of any specific Obligation then outstanding and bear interest and be payable as part of that Obligation.
- d) Lender's rights and remedies under this Security Agreement, including the right to declare the existence of a default, will not be affected by any expenditures made by Lender under this section.

10. **EVENTS OF DEFAULT.** Whenever used in this Security Agreement, the term "event of default" means any one or more of the following events:

- a) The occurrence of any default or event of default in the performance or payment of any one or more of the Obligations or any related security instrument that is not cured within any applicable cure period following the giving of any required notice;
- b) The failure by maker to comply fully with any covenant, condition or agreement contained in this Security Agreement;
- c) Maker's breach of any representation, warranty or covenant contained in this Security Agreement;
- d) Any warranty, representation or statement made or furnished to Lender by or on behalf of maker proves to have been false in any material respect when made or furnished;
- e) Loss, theft, substantial damage or destruction of or to any of the Collateral that is not fully covered by insurance;
- f) The sale, lease, conveyance or transfer of any of the Collateral without Lender's prior written consent, other than the sale of inventory and the collection of accounts in the ordinary course of maker's business;
- g) Maker's dissolution, business failure, liquidation, or termination of existence;
- h) Maker's corporate or legal existence is terminated or suspended, or maker fails to maintain its corporate or legal existence in good standing;

- i) Any voluntary or involuntary bankruptcy, reorganization, insolvency, receivership or other similar proceeding is commenced by or against any maker under any federal or state law, or any maker becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
 - j) The issuance of any writ of garnishment, attachment, levy, or forfeiture order for or against any of the Collateral;
 - k) The filing of any tax lien or judgment against any maker that is not satisfied, released or discharged within 30 days of entry; and
 - l) The occurrence of anything that Lender in good faith believes endangers the Collateral or maker's ability to perform its obligations under this Security Agreement.
11. **REMEDIES UPON DEFAULT.** If an event of default occurs, Lender will have the rights and remedies specified in this section. Lender will give such notice of default and opportunity to cure as may be required by the secured Obligations and applicable law before exercising its rights and remedies. All of Lender's rights and remedies are cumulative and may be enforced alternatively, successively, or concurrently.
- a) Lender may, at its option, declare all or any portion of the Obligations to be immediately due and payable in full without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived.
 - b) Lender will have all of the rights and remedies of a secured party under the UCC. In addition, Lender will have all of the rights and remedies available to a secured creditor at law, in equity, or otherwise.
 - c) At Lender's request, maker will assemble the Collateral and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both the maker and the Lender. Maker grants to Lender the right, for this purpose, to enter into or on any premises where Collateral may be located and remove the Collateral from the premises.
 - d) No delay or omission by Lender to exercise any right or remedy following an event of default will (i) impair any right or remedy, (ii) waive any default or operate as an acquiescence to the event of default, or (iii) affect any subsequent default of the same or of a different nature.
 - e) In any sale, lease, license or other disposition of Collateral by Lender:
 - (1) Lender has no obligation to clean up or otherwise process or prepare Collateral for sale, lease, licensing or other disposition.
 - (2) Lender may sell, lease, license or otherwise dispose of Collateral without giving any warranty as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale, lease or other disposition of the Collateral.
 - (3) If Lender sells any of the Collateral upon credit, maker will be credited only with payments actually made by the purchaser, received by the Lender and applied to the Obligations. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and maker will be credited with the proceeds of the sale.
 - (4) If the Lender purchases any of the Collateral being sold, Lender may pay for the Collateral by crediting some or all of the Obligations.
 - f) Any UCC requirement for Lender to give reasonable notification will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the event in question. For example, the requirement for reasonable notification of the time and place of any public sale of Collateral will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the date of the sale.
 - g) Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them. Lender may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Lender's rights and remedies against maker. Maker waives any right maker may have to require Lender to pursue any third person for any of the Obligations.

12. **DEFAULT COSTS.** If an event of default occurs, maker will pay Lender all costs reasonably incurred by Lender for the purpose of enforcing its rights under this Security Agreement, including, but not limited to, Collection Expenses.
13. **RIGHT OF SETOFF.** Lender has the right of setoff provided by law and/or as provided by any deposit account agreement or other agreement maker has or may hereafter have with Lender. Lender may exercise its right of setoff against all deposits, monies, securities and other property of maker now or hereafter in Lender's possession or on deposit with Lender, whether held in general or special accounts or deposits, whether held alone or jointly with others, and whether held for safekeeping or otherwise. However, Lender may not exercise a right of setoff against IRA, Keogh, agency, fiduciary or trust accounts. Lender may exercise its right of setoff without demand upon or notice to maker or anyone else.
14. **MAKER'S WAIVERS.** Neither Lender's security interest in the Collateral nor maker's liability under this Security Agreement will be released or diminished as a result of any extension, renewal or modification of any of the Obligations. Nothing will discharge or satisfy maker's Obligations under this Security Agreement except the full and final performance and payment of all Obligations, without deduction by reason of setoff, defense or counterclaim. Maker waives any right to require Lender to marshal any assets or obligations.
15. **MISCELLANEOUS.**
 - a) If there is more than one maker, their obligations under this Security Agreement are joint and several. Each provision of this Security Agreement applies to each and all makers.
 - b) This Security Agreement is binding upon each maker and all other persons who assume the obligations of maker or otherwise become bound under this Security Agreement, and their respective heirs, legatees, executors, administrators, successors and assigns. This Security Agreement inures to the benefit of Lender and its successors and assigns. Lender may assign its rights and interest under this Security Agreement. If an assignment is made, maker will render performance under this Security Agreement to the assignee. Maker waives and will not assert against any assignee any claims, defenses or setoffs that maker could assert against Lender, other than defenses that cannot be waived. Lender does not consent to any assignments by maker, except as expressly provided in this Security Agreement.
 - c) If any provision of this document is found to be void, invalid or unenforceable by a court or panel of arbitration of competent jurisdiction, that finding will only affect the provision found to be void, invalid or unenforceable and will not affect the remaining provisions of this document.
 - d) Any notice required by this Security Agreement will be deemed to be delivered when a record has been (i) deposited in any United States postal box if postage is prepaid and the notice is properly addressed to the intended recipient (or, if maker is the intended recipient, to maker's address for notification purposes as stated at the beginning of this Security Agreement or to maker's most recent address as appears in Lender's records), (ii) received by telecopy, or (iii) personally delivered. Notice delivered to any one maker will be deemed delivery to each maker.
 - e) Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and will not be used in construing it.
 - f) This Security Agreement is being executed and delivered and is intended to be performed in the State of North Carolina. This Security Agreement will be construed and enforced in accordance with the laws of the State of North Carolina, except to the extent that the UCC provides for the application of a law of a different state.
 - g) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.
16. **OTHER PROVISIONS.**

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IN WITNESS WHEREOF, each individual signing this instrument has hereunto set his or her hand, and each other entity has caused this instrument to be executed in its name by a person or persons duly authorized, all by authority duly given and all as of the date of this instrument.

BUSINESS ENTITY MAKER:

INDIVIDUAL MAKER(S):

ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CORPORATION
Name of Entity

Name:

By: _____

Name:

Name: Brendan J. Maysenheimer

Title: President / CEO

Name:

**ACCEPTED:
FIRST-CITIZENS BANK & TRUST COMPANY**

By: _____

Title: VICE-PRESIDENT

Associate #: 33761

NBMAIN6222192



STATEMENT S0448128

SHIPMENT #	DATE SHIPPED	BILL OF LADING	PAGE#
	5/2/2007		1
METHOD OF SHIPMENT		FREIGHT TERMS	
BONLY		ORIGIN	

REMIT TO:
 LUMENIS INC. (FORMERLY COHERENT)
 5302 BETSY ROSS DR
 SANTA CLARA CA 95054

STATEMENT DATE	INVOICE DATE	CUSTOMER PURCHASE ORDER NO.
6/1/2007	5/8/2007	
SALES ORDER NO.	PAYMENT TERMS	ENTERED BY
SU291790	N/A	MDURAN

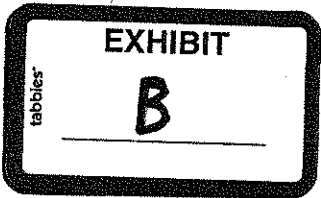
BILL TO:
 ADVANCED MED CORP INC.
 ATTN JEREMY WILLIAMS
 415 PISGAH CH RD
 SUITE 348
 GREENSBORO NC 27455

SHIP TO:
 ADVANCED MED CORP INC.
 ATTN JEREMY WILLIAMS
 415 PISGAH CH RD
 SUITE 348
 GREENSBORO NC 27455

BILL-TO CUSTOMER # 00191508

SHIP-TO CUSTOMER: 00191508

LINE	PRODUCT NUMBER PRODUCT DESCRIPTION	QUANTITY INVOICED	QUANTITY ON BACK LOG	UOM	UNIT PRICE	AMOUNT
1	LIGHTSHEER ET 400 MS S/N T4467	1	0	EA	\$70,000.00	\$70,000.00
					INVOICE SUBTOTAL:	\$70,000.00
					TAX STATE: 8.75%	\$6,476.00
					CITY: 2.5%	
2	INVOICE 10448128 DATED 05/08/07				INVOICED AMOUNT:	\$76,476.00
3	PAYMENT RECEIVED 05/25/07 WIRE REF# NOT ON FILE				AMOUNT REMITTED:	\$76,476.00



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FINANCE CONTRACT
(For Business Transactions)

July 27, 2007
Date of this Finance Contract

\$150,000.00
Face Amount of this Finance Contract

FOR BANK USE ONLY:	
Finance Contract# 22613002	Name and Address in Which Account will be Booked: Advanced medical Equipment Distribution Corporation 415 Pisgah Church Rd, Suite 348 Greensboro, NC 27455

FOR VALUE RECEIVED, the undersigned maker(s), jointly and severally, promise(s) to pay to the order of FIRST-CITIZENS BANK & TRUST COMPANY ("Lender") the sum specified above as the Face Amount of this Finance Contract, together with interest accrued thereon from the date hereof at the interest rate or rates per annum specified below, until paid in full. The undersigned maker(s) also promise(s) to pay (i) late charges, and other fees and charges as specified herein, and (ii) the cost of all fees paid or to be paid to public officials for recording, perfecting, maintaining, canceling and/or releasing any security interest in any Collateral securing this Finance Contract. Interest is to be accrued and principal and interest are to be paid as follows:

ADDENDUM. If the foregoing box is checked, this Finance Contract is modified, amended and supplemented by that Finance Contract Addendum attached hereto and incorporated herein by reference. The Finance Contract Addendum shall be fully binding upon each maker, jointly and severally, when signed or initialed by or on behalf of any one or more of the makers.

1. **INTEREST RATE.** Interest is calculated on the Date of this Finance Contract on a simple interest basis accruing _____ [monthly, unless specified otherwise] as though each payment is made on its due date, and then amortized over the payment term to determine the payment amount in Section 2. Rates are stated in simple interest terms. If a variable rate applies, the interest is adjusted in the event of an interest rate change to re-calculate interest over the remaining period. Partial prepayments and early payments do not affect the interest calculation and do not reduce interest payable. Unless the default rate described in section 5 below applies, interest shall accrue on the outstanding principal balance: *(Complete Section A or B. If neither is completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)*

(A) At the fixed interest rate of 7.15 percent per annum.

(B) At the variable interest rate of _____ percentage points above (or below, if checked) the Prime Rate established from time to time by First Citizens Bank (the "Prime Rate"). However, the interest rate will not at any time exceed the maximum rate of _____ percent per annum (or the maximum rate permitted by applicable law, whichever is less), or fall below the minimum rate of _____ percent per annum. The interest rate as of the date of this Finance Contract is _____ percent per annum. The interest rate is subject to change on a daily basis with changes becoming effective on the calendar day the Prime Rate changes.

2. **PAYMENT TERMS.** *(If the following is not completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)*

The Face Amount and accrued interest thereon is payable in 60 equal consecutive monthly (monthly, quarterly, semi-annual, etc.) payments of \$2,963.15 each commencing on August 8, 2007 (the "Regular Payment Commencement Date") and on the same day of each such calendar period thereafter and one final payment of \$2,963.15 due on August 8, 2012 (hereafter referred to as "Maturity"), unless sooner paid. The periodic payment amount specified includes principal and interest. If interest accrues under this Contract at a variable rate, the payment amounts will be adjusted by Lender in the event of a rate change in order to amortize the outstanding balance with the same final payment amount and Maturity as set forth above.

3. **FEES.** Lender service fees in the amount of \$299.00 are due and payable to Lender upon the signing of this Finance Contract.

4. **LATE CHARGE.** Maker agrees to pay a late charge of 4% of the unpaid portion of any payment past due for 15 days or more.

5. **DEFAULT RATE.** Upon default and following notice, if notice is required by law, including failure to pay at Maturity, Lender may, at its option and without prior notice to any obligor, increase the interest rate on this Finance Contract to 15%

per annum or the maximum rate permitted by applicable law, whichever is less. This default rate of interest shall continue in effect unless and until the subject default is cured, in Lender's sole discretion, following which cure the rate of interest on this Finance Contract shall continue to accrue at the rate of interest that would apply if a default had not occurred. However, Lender will not increase the interest rate to the default rate if such an increase is prohibited by law. To the extent allowed by applicable law, the interest rate set forth in this Finance Contract (including the default rate) or the legal rate of interest, whichever is greater, shall apply to any indebtedness due following the entry of a judgment relating to the collection of this Finance Contract. The difference in interest at the default rate or legal rate, and the rate set forth in Section 1, is due and payable by maker to Lender immediately on demand.

6. **PRIME RATE.** Lender's "Prime Rate" of interest, as that term is used in this Finance Contract, means that rate established from time to time by Lender and identified as such within Lender's offices. The term "Prime Rate" is used as a means of identifying a rate of interest index and is not a representation by Lender that the Prime Rate is necessarily the lowest or most favorable rate of interest offered by Lender to borrowers generally, and no obligor shall have any claim or right of action based on such premise.

7. **PAYMENTS.**
 - (a) This Finance Contract may be prepaid in full at any time, subject to an early termination fee of \$300. Lender is not required to accept or apply any early payment or partial prepayment. Early payments and partial prepayments accepted by Lender are credited against the next payment(s) due as though paid on the due date of each such payment, and do not reduce interest on the remaining principal balance or earn interest for maker.
 - (b) Unless otherwise specified in this Finance Contract, each consecutive payment is due on the same day of the calendar period specified.
 - (c) Lender accepts payments to this Finance Contract as of the business day Lender receives U.S. legal tender or collected funds. U.S. legal tender shall be deemed received on the Lender's business day when received. Collected funds shall be deemed received on Lender's business day when cleared or otherwise irrevocably available to Lender. Lender's "business day" shall mean the business day for Lender's transactions between the applicable cut-off times on consecutive banking days. Partial prepayments and early payments are not applied against this Finance Contract until the applicable payment due date(s) as described in Section 7(a).
 - (d) Any item delivered to Lender as payment hereunder which is returned or charged back to Lender shall be considered as not having been received by Lender.
 - (e) Payments received will be applied in the following order: (i) late fees, if any, (ii) additional interest, if any, (iii) amounts due from maker other than payments, such as reimbursements and fees, (iv) past due payments, and (v) current payments due. If maker fails to make any installment payment within 14 days after it is due, then, in accordance with the foregoing order, subsequent payments received shall be applied first to the past due balance in the order in which the installments were due. Lender may, to the extent permitted by applicable law, impose a separate late charge for each subsequent installment that becomes 15 days or more past due.
 - (f) Maker agrees not to send Lender payments marked "Paid in Full," "Without Recourse," or similar language. If maker sends such a payment, Lender may accept it without losing any of Lender's rights under this Finance Contract, and maker will remain obligated to pay any further sums owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Citizens Bank, Commercial Leasing Department-RWN28, P.O. Box 29519, Raleigh, NC 27626-0519.

8. **WAIVERS.** Each obligor hereby (a) waives notice of delinquency, notice of default, notice of intent to accelerate, notice of acceleration, demand for payment, presentment for payment, notice of protest, protest, notice of nonpayment and notice of dishonor; (b) agrees that any extension of time for the payment of this Finance Contract shall not release or reduce the liability of any obligor, and further waives all notice of each such extension; (c) waives all rights to discharge under section 3-605 of the Uniform Commercial Code, as amended from time to time, and the corresponding provisions of any state or federal laws; (d) waives the benefits of any statutory provision limiting the liability of a surety and all claims against Lender and all defenses based on suretyship or impairment of collateral, and (e) waives any homestead or exemption laws and any rights thereunder affecting the full collection of this Finance Contract; (f) waives the benefits of any legal or equitable doctrine or principle of marshalling; (g) waives the benefits of any statutory provisions limiting the right of a lender to

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recover a deficiency judgment, or to otherwise proceed against any person or entity obligated for payment of this Finance Contract, after foreclosure or trustee's sale of any security for this Finance Contract; and (h) agrees that none of the following shall release or reduce the liability of any obligor in any manner whatsoever: (i) the release of any one or more of the obligors or any settlement or compromise with any one or more of the obligors with respect to this Finance Contract, any Security Instrument or any of the other Finance Documents; (ii) the taking or compromise, modification, substitution, exchange, impairment, waiver, release or surrender of any Collateral or Security Instrument taken as security for this Finance Contract or for performance under any Security Instrument or any of the other Finance Documents; or (iii) the amendment, modification, extension, renewal, increase, or consolidation of this Finance Contract, any Security Instrument or any of the other Finance Documents, and each obligor waives notice of each such release, settlement, compromise, taking, substitution, exchange, impairment, waiver, surrender, amendment, modification, extension, renewal, increase, or consolidation. Lender shall have no duty whatsoever to monitor or verify the use of the proceeds of this Finance Contract or to ensure or verify that any finance proceeds are used for the purpose described in any of the Finance Documents. Each obligor hereby waives and agrees not to assert against Lender any claim or defense whatsoever based on (a) the actual or intended use of finance proceeds, (b) the failure of any finance proceeds to be used for any purpose described in any of the Finance Documents and/or (c) Lender's knowledge that finance proceeds were not used for the purpose described in any of the Finance Documents.

9. **EVENTS OF DEFAULT.** This Finance Contract, each Security Instrument and the other Finance Documents shall be in default upon the happening of any of the following "events of default":

- (a) Any payment is not made as and when due according to the terms of this Finance Contract;
- (b) Default in the performance of any obligation, covenant or condition contained in, or the occurrence of any other event of default under, this Finance Contract, any Security Instrument or any of the other Finance Documents;
- (c) Default by any obligor under any other Finance Contract, obligation or indebtedness owed to Lender (whether such Finance Contract, obligation or indebtedness now exists or is hereafter made), or default in any obligation or instrument securing any such Finance Contract, obligation or indebtedness;
- (d) Any warranty, representation or statement made or furnished to Lender by or on behalf of any maker or guarantor in connection with this financing transaction, or to induce Lender to enter into this Finance Contract, is false or misleading in any material respect at any time during the term of this Finance Contract or at the time made or furnished;
- (e) The death, dissolution, business failure, liquidation, or termination of existence of any maker or guarantor;
- (f) The corporate or legal existence of any maker or guarantor is terminated or suspended, or any maker or guarantor fails to maintain its corporate or legal existence in good standing;
- (g) Any guarantor disputes the validity of, or guarantor's liability under, any guaranty of this Finance Contract, or any guarantor revokes or attempts to revoke the guarantor's prospective liability under any guaranty of this Finance Contract for future advances or obligations, or any guarantor refuses to satisfy its guaranty in accordance with the terms of the guaranty;
- (h) The sale, transfer or conveyance without Lender's prior written consent of more than 25% of the voting stock, partnership interests or limited liability company interests, as the case may be, of any maker or guarantor that is a corporation, partnership, limited partnership or limited liability company;
- (i) Any voluntary or involuntary bankruptcy, reorganization, insolvency proceeding, receivership, or other similar proceeding is commenced by or against any maker or guarantor as debtor under any federal or state law, or any maker or guarantor becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
- (j) The entry of any final monetary judgment or the assessment and/or filing of any tax lien against any maker or guarantor that is not satisfied, released or discharged within 30 days of entry;
- (k) The issuance of any writ of garnishment, attachment, levy, seizure order, or forfeiture order against any property of, debts due, or rights of any maker or guarantor, including the commencement of any action or proceeding to seize monies of any maker or guarantor on deposit in any account with Lender; or

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- (l) Lender in good faith believes that the prospect of timely payment or other performance by any maker or guarantor is impaired or Lender otherwise in good faith deems itself or its collateral insecure.

If an event of default occurs, in addition to all other remedies available to Lender, Lender shall not be further obligated to advance any financing proceeds.

10. **NOTICE OF DEFAULT AND RIGHT TO CURE.** Unless notice has been previously given by Lender of the same or any other event of default within the preceding 12 months, maker shall have five (5) business days following Lender's giving of written notice of default within which to cure the default before Lender may require the immediate payment of this Finance Contract in full.
11. **ACCELERATION.** If an event of default occurs and (a) maker is not entitled to notice of default or the opportunity to cure or (b) the default is not cured during the cure period, then this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. In addition, if Lender has the right to accelerate this Finance Contract under the provisions of any Security Instrument as a result of Collateral being sold, transferred, conveyed or encumbered, Lender shall not be further obligated to advance any financing proceeds, and this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. Lender's failure to exercise any of the foregoing options (in whole or in part) shall not constitute a waiver of the right to exercise such options. Waiver by Lender of any default or right to accelerate shall not operate as a waiver of any other default or right to accelerate or of the same default or right to accelerate on any other occasion. Acceptance by Lender of payment of less than the entire unpaid balance after acceleration of this Finance Contract shall not cure a default or waive an acceleration, and Lender shall be entitled to proceed with its rights and remedies as Finance Contract holder (and as secured party, if applicable).
12. **COLLECTION COSTS/ATTORNEYS' FEES.** To the extent permitted by applicable law, maker promises to pay to Lender all of Lender's collection costs and expenses, including, but not limited to, (a) court costs; (b) Lender's reasonable attorneys' fees actually incurred if any sums under this Finance Contract are collected by or through an attorney, whether or not there is a lawsuit; and (c) expenses incurred to (i) trace and/or locate any obligor; (ii) collect this Finance Contract in whole or in part and, where applicable, reinstate the Finance Contract; (iii) trace, locate, recover, repossess, transport, store, hold, and assess any Collateral (including environmental assessments and appraisal expenses); and (iv) protect the Collateral and Lender's interest in the Collateral, including the cost of any bonds. The costs recoverable by Lender under this section shall include expenses that may not be taxable as court costs, including, without limitation, all costs and expenses incident to appellate, bankruptcy, post-judgment and alternative dispute resolution proceedings. All such costs and expenses shall be due and payable to Lender immediately upon Lender's payment of the same and may be added to the principal balance due and, to the extent permitted by law, shall bear interest at the rate specified in this Finance Contract. Maker shall be liable for the payment of the same as an additional obligation under this Finance Contract, which shall be secured by all Collateral and each Security Instrument. Lender shall have no duty to release Collateral until all such costs and expenses, in addition to all other obligations secured by this Finance Contract, are paid in full.
13. **SETOFF.** Lender has the right of setoff as provided by law (and/or as provided by the applicable Deposit Account Agreement) against the accounts and monies of each obligor which are held by Lender, which right Lender may exercise without any notice to any obligor.
14. **MISCELLANEOUS.** This Finance Contract shall be the joint and several obligation of each maker. No waivers or modifications of the terms of this Finance Contract shall be valid unless they are reduced to writing and duly executed by the party to be charged therewith. This Finance Contract is subject to the provisions of each commitment letter and agreement given, received or signed in connection with this financing transaction, the terms and conditions of which are incorporated herein by reference. If the terms of any such commitment letter or agreement conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control. This Finance Contract, each Security Instrument and all other Finance Documents shall be binding upon each obligor and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of and be enforceable by Lender and its successors, transferees and assigns. This Finance Contract and all guaranties and endorsements of this Finance Contract have been entered into in the State of North Carolina and shall be deemed to have been made under and shall be governed by federal law and, except to the extent preempted by federal law, the laws of the State of North Carolina in all respects, including matters of construction, validity and performance. Any action, suit or proceeding relating to this Finance Contract or any guaranty or endorsement of this Finance Contract may be instituted and prosecuted in the state or federal courts of the State of North Carolina, and each obligor waives any and all defenses relating to the jurisdiction and venue of such courts. Any photocopy, microfilm, microfiche or optical image of this Finance Contract may be presented as evidence in lieu of the original in any legal proceeding to enforce the terms of this Finance Contract and shall have the same validity as the original.

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16. **DEFINITION OF TERMS.** As used herein, (a) "maker" means each maker who signs this Finance Contract, jointly and severally; (b) "guarantor" means each guarantor who guarantees the payment of all or any portion of this Finance Contract; (c) "obligor" means each maker, guarantor, endorser, and surety of all or any portion of this Finance Contract; (d) this "Finance Contract" refers to this instrument and to the indebtedness evidenced by this instrument; (e) "Security Instrument" includes each and every pledge, assignment, security agreement, guaranty, mortgage, deed to secure debt, deed of trust, hypothecation, or other security instrument or arrangement given to secure repayment of all or any portion of this Finance Contract or performance under any of the Finance Documents, whether now existing or hereafter arising; (f) "Collateral" means any collateral that secures repayment of this Finance Contract; (g) "Finance Documents" include all documents executed and delivered in connection with the transaction evidenced by this Finance Contract (including this Finance Contract, each Security Instrument, any commitment letters, any agreements and all application documents), whether now existing or hereafter arising; and (h) "Lender" means First-Citizens Bank & Trust Company (or "First Citizens Bank") and its successors and assigns. The terms "Finance Contract," "Security Instrument," and "Finance Documents" include all amendments, modifications, extensions and renewals thereof. If the terms of any of the Finance Documents conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control.

SECURITY AGREEMENT

All the terms and conditions of this Security Agreement are incorporated into and made a part of this Finance Contract. Maker and Lender agree as follows:

1. **DEFINITIONS.**

- a) **Collateral.** For purposes of this Security Agreement, the "Collateral" consists of the following personal property of maker, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, together with any and all additions, attachments, accessories and accessions thereto and replacements thereof, any after-acquired similar properties, all supporting obligations relating thereto, and the proceeds and products thereof, including insurance proceeds: Gentelase Laser System per Candela invoice #20041104, with all additions, accessories, accessions thereto, and replacements thereof

The following information must be provided only if the Collateral includes goods that are or are to become fixtures:

The real property to which the Collateral is related is located in the State of _____, County of _____, City of _____, Township of _____, and is more particularly described or identified as follows:

The record owner(s) of the foregoing real property is/are:

- b) **Collection Expenses.** The term "Collection Expenses" means (i) costs reasonably incurred by Lender to trace, locate, recover, repossess, transport, hold, store, insure, appraise, and assess (including environmental assessments) Collateral and prepare Collateral for sale; (ii) costs reasonably incurred by Lender to sell, lease or otherwise dispose of Collateral; (iii) the cost of any bonds Lender is required to post; (iv) court costs; and (v) to the extent permitted by applicable law, Lender's reasonable attorneys' fees actually incurred for the purpose of enforcing Lender's rights under this Security Agreement.
- c) **Lien.** The term "Lien" means any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of setoff, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.

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- d) Obligations. "Obligation" refers individually to each of the following, and "Obligations" refers collectively to all of the following:
- 1) The Finance Contract set forth above, payable to the order of Lender, and any renewals, extensions or modifications thereof;
 - 2) All liabilities of maker to Lender under this Security Agreement;
 - 3) All "Collection Expenses" (as defined in this Security Agreement); and
 - 4) The repayment of any amounts that Lender advances or spends for the maintenance or preservation of the Collateral or for the benefit of maker.
- e) Permitted Liens. The term "Permitted Liens" means (i) Liens held by Lender, (ii) Liens for taxes not delinquent or for taxes being diligently contested in good faith by maker by appropriate proceedings (provided neither the Lien nor the proceeding impairs any of the Collateral or Lender's rights or remedies with respect thereto), and (iii) Liens specifically consented to in writing by Lender.
- f) UCC. The term "UCC" means the Uniform Commercial Code as amended from time to time. Any term defined in the UCC and not defined in this Security Agreement has the meaning given to that term in the UCC in effect on the date of this Security Agreement.

2. **MAKER'S NAME AND LOCATION.** Maker warrants and represents that:

- a) Maker's exact legal name is as set forth in the first paragraph of this Security Agreement.
- b) Maker is:
- an individual. Maker's principal residence is located in the State of _____.
 - a corporation incorporated under the laws of the State of North Carolina.
 - a limited liability company (LLC) organized under the laws of the State of _____.
 - a partnership whose chief executive office is located in the State of _____.
 - a limited partnership organized under the laws of the State of _____.
 - Other - Specify: _____
maker's chief executive office is located in the State of _____.

3. **LOCATION OF COLLATERAL THAT CONSISTS OF GOODS.** Maker warrants and represents that:

- a) Collateral that consists of vehicles or other titled property will be titled solely in the State of _____. Maker will not take or permit any action that would require application for a certificate of title in any state other than _____ without Lender's prior written consent.
- b) Collateral that consists of vehicles will be garaged principally at the following location:
- Maker will not change the place where any vehicle is principally garaged without Lender's prior written consent.
- c) All Collateral consisting of goods other than vehicles will be kept at the following location or locations:
415 Pisgah Church Rd, Suite 348, Greensboro, NC 27455

Maker will not remove the Collateral from that location or those locations without Lender's prior written consent.

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4. **GRANT OF SECURITY INTEREST.** Maker hereby grants a continuing security interest in the Collateral to Lender to secure the payment or performance of the Obligations.

5. **PERFECTION OF SECURITY INTEREST.**

- a) Maker authorizes Lender to file financing statements describing the Collateral and any agricultural liens or other statutory liens held by Lender.
- b) Maker will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.
- c) Whenever required by Lender, maker will promptly deliver to Lender, with all endorsements and/or assignments required by Lender, all instruments, chattel paper, guaranties, and the like received by maker constituting, evidencing, or relating to any of the Collateral or proceeds of any of the Collateral.
- d) Where Collateral is in the possession of a third party, maker will join with Lender in notifying the third party of Lender's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Lender.
- e) Maker agrees to sign and deliver any additional documents and to take any further actions reasonably requested by Lender to evidence or perfect the security interest granted herein, to maintain the first priority of the security interest, or to effectuate the rights granted to Lender in this Security Agreement.

6. **RIGHTS CONCERNING THE COLLATERAL.**

- a) Until an event of default occurs, maker may have possession of Collateral consisting of tangible personal property and the beneficial use of all of the Collateral. Maker may use the Collateral in any lawful manner not inconsistent with this Security Agreement. However, Maker's right to possession and beneficial use will not apply to any Collateral to the extent Lender is required by law or chooses to perfect its security interest in such Collateral by possession.
- b) Either party to this Security Agreement may inspect any Collateral in the other party's possession at any time upon reasonable notice.
- c) The Collateral will remain personal property at all times. Except to the extent the Collateral specifically includes goods that are or are to become fixtures, maker will not affix any of the Collateral to any real property in any manner that would change its nature from that of personal property to real property or to a fixture without Lender's prior written consent.
- d) If Lender at any time has possession of any Collateral, whether before or after an event of default, Lender will be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as maker requests or as Lender, in Lender's sole discretion, deems appropriate under the circumstances, but failure to honor any request by maker will not of itself be deemed to be a failure to exercise reasonable care.
- e) Maker has the risk of loss of the Collateral.
- f) Lender has no duty to (i) collect any income accruing on the Collateral, (ii) enforce or preserve any rights relating to the Collateral, or (iii) preserve rights against account debtors or other parties that have a prior interest in the Collateral.

7. **MAKER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.** Maker warrants, represents and covenants as follows:

- a) Maker has rights in and the power to transfer the Collateral. The Collateral is free and clear of all Liens, except for Permitted Liens. No financing statement covering any of the Collateral is on file in any public office other than those that reflect the security interest created by this Security Agreement or to which Lender has specifically consented. Maker will defend Lender's rights in the Collateral against the claims and demands of all other persons.

- b) Maker will take such actions and execute and deliver to Lender such documentation as Lender may reasonably request to provide Lender with a properly perfected and continuing first lien security interest in the entire Collateral. Maker will pay the cost of filing any financing statements that Lender deems necessary or desirable.
- c) Maker will, whenever requested, advise Lender of the exact location of all Collateral.
- d) Except for inventory sold and accounts collected in the ordinary course of maker's business, maker will not do any of the following without first obtaining Lender's written consent: (i) sell, offer to sell, lease, convey, or otherwise transfer or dispose of any of the Collateral or any interest therein, (ii) license any of the Collateral or any interest therein to any third party or parties, or (iii) grant any other security interest in any of the Collateral.
- e) Maker will not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any Lien, other than Permitted Liens, without Lender's prior written consent. This includes security interests, even if junior-in-right to the security interest granted under this Security Agreement.
- f) Maker will keep the Collateral in good order and repair, ordinary wear and tear excepted, and will not waste or destroy, or permit the waste or destruction of, the Collateral or any part thereof. Maker will not use the Collateral in violation of any statute, regulation or ordinance. Maker will promptly pay when due all taxes and assessments upon the Collateral arising from its use, operation, or ownership.
- g) Maker will notify Lender in writing prior to the occurrence of any of the following events:
 - (1) A change in maker's name or maker's assumed business name(s);
 - (2) A change in maker's principal residence (if maker is an individual), state of organization (if maker is a registered organization), or state where maker's chief executive office is located (if maker is any other type of organization);
 - (3) Maker converts to a different type of entity;
 - (4) Maker's legal existence is suspended or terminated;
 - (5) Maker merges or consolidates with or into any other entity; or
 - (6) Maker sells all or substantially all of its assets.

8. INSURANCE.

- a) Maker will procure and maintain comprehensive casualty insurance covering all risks, including (but not limited to) fire (including so-called extended coverage), theft and liability coverage, together with such other insurance as Lender may reasonably require with respect to the Collateral. If the Collateral is or includes one or more motor vehicles, the insurance coverage to be procured and maintained by maker will include collision insurance. Maker may obtain such insurance from any duly licensed company or companies. However, all policies must be in such form, contain such terms, be for such periods of time, provide for such deductibles, and be in such amounts as Lender may reasonably require, subject to any limitations imposed by applicable law. Insurance will be payable to Lender and maker as their respective interests may appear. Each policy will include a stipulation that coverage will not be cancelled or diminished without at least ten days' prior written notice to Lender, and no policy may include any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy will also include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of maker or any other person. Maker will furnish Lender certificates or other evidence satisfactory to Lender of compliance with these requirements.
- b) Maker will promptly notify Lender of any loss or damage to the Collateral. Lender may make proof of loss if Maker fails to do so within fifteen days of the casualty. Maker hereby assigns to Lender the proceeds of all such insurance to the extent of any balance due on the Obligations. Maker authorizes and directs each insurer to make payments directly to Lender. Maker hereby designates Lender as maker's attorney-in-fact. This appointment will be deemed a power coupled with an interest, will not be terminable as long as any of the Obligations are outstanding, and will not terminate on the disability or incompetence of maker. This power of attorney gives Lender the right (but not the

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obligation) to file proof of loss and/or any other claim forms required to collect from any insurer any amount due from loss, damage or destruction of any of the Collateral, to agree to and bind maker as to the amount of said recovery, to designate payees of such recovery, to grant releases to payors-insurers for their liability, to grant subrogation rights to any such payor-insurer, and to endorse any settlement check or draft. Other than filing proof of loss and claim forms, maker agrees not to exercise any of the foregoing powers granted to Lender without Lender's written consent. If the cost of any such insurance is financed as part of any Obligation secured by this Security Agreement, maker hereby assigns to Lender any premium refund.

- c) Net insurance proceeds may be applied, at Lender's option, either toward replacing or restoring the Collateral, in a manner and on terms satisfactory to Lender, or as a credit against such of the Obligations, whether matured or unmatured, as Lender may determine in its sole discretion. If Lender allows the proceeds to be used to replace or restore Collateral, then such net proceeds will be deposited in a segregated account under Lender's exclusive control and may be disbursed therefrom by Lender in such manner and at such times as Lender deems appropriate to complete such replacement or restoration.

9. **RIGHTS OF LENDER TO PROTECT ITS INTEREST IN COLLATERAL.**

- a) At its option, Lender may (but will not be required to) discharge Liens levied or placed on the Collateral at any time and pay for the maintenance, repair, upkeep and preservation of the Collateral.
- b) If maker fails to maintain insurance on the Collateral as required by this Security Agreement, Lender may (but will not be obligated to) obtain and pay for such insurance or any other insurance that Lender deems appropriate to protect the interest of Lender and/or maker in the Collateral, including, if Lender so chooses, "single interest insurance" or "collateral protection insurance" that covers only Lender's interest in the Collateral.
- c) Any sums expended by Lender under this Security Agreement may be added to the Obligations secured by this Security Agreement and, unless otherwise provided by law, will, at Lender's option (i) be payable on demand; or (ii) be added to the balance of any specific Obligation then outstanding and bear interest and be payable as part of that Obligation.
- d) Lender's rights and remedies under this Security Agreement, including the right to declare the existence of a default, will not be affected by any expenditures made by Lender under this section.

10. **EVENTS OF DEFAULT.** Whenever used in this Security Agreement, the term "event of default" means any one or more of the following events:

- a) The occurrence of any default or event of default in the performance or payment of any one or more of the Obligations or any related security instrument that is not cured within any applicable cure period following the giving of any required notice;
- b) The failure by maker to comply fully with any covenant, condition or agreement contained in this Security Agreement;
- c) Maker's breach of any representation, warranty or covenant contained in this Security Agreement;
- d) Any warranty, representation or statement made or furnished to Lender by or on behalf of maker proves to have been false in any material respect when made or furnished;
- e) Loss, theft, substantial damage or destruction of or to any of the Collateral that is not fully covered by insurance;
- f) The sale, lease, conveyance or transfer of any of the Collateral without Lender's prior written consent, other than the sale of inventory and the collection of accounts in the ordinary course of maker's business;
- g) Maker's dissolution, business failure, liquidation, or termination of existence;
- h) Maker's corporate or legal existence is terminated or suspended, or maker fails to maintain its corporate or legal existence in good standing;

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- i) Any voluntary or involuntary bankruptcy, reorganization, insolvency, receivership or other similar proceeding is commenced by or against any maker under any federal or state law, or any maker becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
- j) The issuance of any writ of garnishment, attachment, levy, or forfeiture order for or against any of the Collateral;
- k) The filing of any tax lien or judgment against any maker that is not satisfied, released or discharged within 30 days of entry; and
- l) The occurrence of anything that Lender in good faith believes endangers the Collateral or maker's ability to perform its obligations under this Security Agreement.

11. **REMEDIES UPON DEFAULT.** If an event of default occurs, Lender will have the rights and remedies specified in this section. Lender will give such notice of default and opportunity to cure as may be required by the secured Obligations and applicable law before exercising its rights and remedies. All of Lender's rights and remedies are cumulative and may be enforced alternatively, successively, or concurrently.

- a) Lender may, at its option, declare all or any portion of the Obligations to be immediately due and payable in full without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived.
- b) Lender will have all of the rights and remedies of a secured party under the UCC. In addition, Lender will have all of the rights and remedies available to a secured creditor at law, in equity, or otherwise.
- c) At Lender's request, maker will assemble the Collateral and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both the maker and the Lender. Maker grants to Lender the right, for this purpose, to enter into or on any premises where Collateral may be located and remove the Collateral from the premises.
- d) No delay or omission by Lender to exercise any right or remedy following an event of default will (i) impair any right or remedy, (ii) waive any default or operate as an acquiescence to the event of default, or (iii) affect any subsequent default of the same or of a different nature.
- e) In any sale, lease, license or other disposition of Collateral by Lender:
 - (1) Lender has no obligation to clean up or otherwise process or prepare Collateral for sale, lease, licensing or other disposition.
 - (2) Lender may sell, lease, license or otherwise dispose of Collateral without giving any warranty as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale, lease or other disposition of the Collateral.
 - (3) If Lender sells any of the Collateral upon credit, maker will be credited only with payments actually made by the purchaser, received by the Lender and applied to the Obligations. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and maker will be credited with the proceeds of the sale.
 - (4) If the Lender purchases any of the Collateral being sold, Lender may pay for the Collateral by crediting some or all of the Obligations.
- f) Any UCC requirement for Lender to give reasonable notification will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the event in question. For example, the requirement for reasonable notification of the time and place of any public sale of Collateral will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the date of the sale.
- g) Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them. Lender may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Lender's rights and remedies against maker. Maker waives any right maker may have to require Lender to pursue any third person for any of the Obligations.

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12. **DEFAULT COSTS.** If an event of default occurs, maker will pay Lender all costs reasonably incurred by Lender for the purpose of enforcing its rights under this Security Agreement, including, but not limited to, Collection Expenses.
13. **RIGHT OF SETOFF.** Lender has the right of setoff provided by law and/or as provided by any deposit account agreement or other agreement maker has or may hereafter have with Lender. Lender may exercise its right of setoff against all deposits, monies, securities and other property of maker now or hereafter in Lender's possession or on deposit with Lender, whether held in general or special accounts or deposits, whether held alone or jointly with others, and whether held for safekeeping or otherwise. However, Lender may not exercise a right of setoff against IRA, Keogh, agency, fiduciary or trust accounts. Lender may exercise its right of setoff without demand upon or notice to maker or anyone else.
14. **MAKER'S WAIVERS.** Neither Lender's security interest in the Collateral nor maker's liability under this Security Agreement will be released or diminished as a result of any extension, renewal or modification of any of the Obligations. Nothing will discharge or satisfy maker's Obligations under this Security Agreement except the full and final performance and payment of all Obligations, without deduction by reason of setoff, defense or counterclaim. Maker waives any right to require Lender to marshal any assets or obligations.
15. **MISCELLANEOUS.**
 - a) If there is more than one maker, their obligations under this Security Agreement are joint and several. Each provision of this Security Agreement applies to each and all makers.
 - b) This Security Agreement is binding upon each maker and all other persons who assume the obligations of maker or otherwise become bound under this Security Agreement, and their respective heirs, legatees, executors, administrators, successors and assigns. This Security Agreement inures to the benefit of Lender and its successors and assigns. Lender may assign its rights and interest under this Security Agreement. If an assignment is made, maker will render performance under this Security Agreement to the assignee. Maker waives and will not assert against any assignee any claims, defenses or setoffs that maker could assert against Lender, other than defenses that cannot be waived. Lender does not consent to any assignments by maker, except as expressly provided in this Security Agreement.
 - c) If any provision of this document is found to be void, invalid or unenforceable by a court or panel of arbitration of competent jurisdiction, that finding will only affect the provision found to be void, invalid or unenforceable and will not affect the remaining provisions of this document.
 - d) Any notice required by this Security Agreement will be deemed to be delivered when a record has been (i) deposited in any United States postal box if postage is prepaid and the notice is properly addressed to the intended recipient (or, if maker is the intended recipient, to maker's address for notification purposes as stated at the beginning of this Security Agreement or to maker's most recent address as appears in Lender's records), (ii) received by telecopy, or (iii) personally delivered. Notice delivered to any one maker will be deemed delivery to each maker.
 - e) Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and will not be used in construing it.
 - f) This Security Agreement is being executed and delivered and is intended to be performed in the State of North Carolina. This Security Agreement will be construed and enforced in accordance with the laws of the State of North Carolina, except to the extent that the UCC provides for the application of a law of a different state.
 - g) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.
16. **OTHER PROVISIONS.**

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IN WITNESS WHEREOF, each individual signing this instrument has hereunto set his or her hand, and each other entity has caused this instrument to be executed in its name by a person or persons duly authorized, all by authority duly given and all as of the date of this instrument.

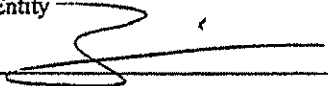
BUSINESS ENTITY MAKER:

INDIVIDUAL MAKER(S):

ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CORPORATION

Name of Entity

Name:

By:  _____

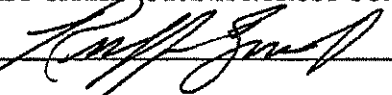
Name:

Name: Brendan J. Messenheimer

Title: President / CEO

Name:

ACCEPTED:
FIRST-CITIZENS BANK & TRUST COMPANY

By:  _____

Title: VICE PRESIDENT

Associate #: 33761

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CANDELA

CANDELA CORPORATION
530 Boston Post Road
Weymouth, Massachusetts 01778
Tel: 508-558-7537
Fax: 508-558-6802

SHIP TO:
Candela Corporation PO BOX 84-8373
BOSTON MA 02264-8373

BILL TO:
Brandon Masadhehmer
ADVANCED MED CORP.
418 PISCATAWAY CHURCH ROAD
SUITE 348
GREENSBORO NC 27405

SHIP TO:
Brandon Masadhehmer
ADVANCED MED CORP.
418 PISCATAWAY CHURCH ROAD
SUITE 348
GREENSBORO NC 27405

ORIGINAL INVOICE	
NUMBER	20041104
DATE	PAGE 1 of 1
PURCHASE ORDER NUMBER	
4928	
SALES ORDER NUMBER	
80875	
CUSTOMER NUMBER	1004708
SHIP TO REFERENCE	63682

TABLE	SHIP DATE	DATE DATE	SALESPERSON	CUSTOMER CONTACT	QUANTITY	UNIT PRICE	EXTENSION
3D MRI			William, Taylor	Brandon Masadhehmer			
SHIP DATE			SHIP VIA				
ITEM NO.	PART NUMBER/DESCRIPTION	QUANTITY	ORDERED	BACK ORD.	SHIPPED	UNIT PRICE	EXTENSION
	4801-05-0002 (WEBSITE) CANDELA, DOMESTIC		1		1	0.00	150,000.00
	GI 0080 17M (DENTAL) BELASER SYSTEM		1		1	0.00	150,000.00
SPECIAL INSTRUCTIONS: GENTLEASE SERIAL NUMBER 8914-21703525		SUBTOTAL		TAX	SHIP/MANAGING	TOTAL	
		150,000.00		0.00	0.00	150,000.00	

The Invoice is subject to Candela's Terms and Conditions, to view or download visit www.candela.com/contracts/terms.pdf



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FINANCE CONTRACT
(For Business Transactions)

October 19, 2007
Date of this Finance Contract

\$243,850.00
Face Amount of this Finance Contract

FOR BANK USE ONLY:	
Finance Contract# 22613003	Name and Address in Which Account will be Booked: Advanced Medical Equipment Distribution Co 415 Pisgah Church Rd, Ste 348 Greensboro, NC 27455

FOR VALUE RECEIVED, the undersigned maker(s), jointly and severally, promise(s) to pay to the order of FIRST-CITIZENS BANK & TRUST COMPANY ("Lender") the sum specified above as the Face Amount of this Finance Contract, together with interest accrued thereon from the date hereof at the interest rate or rates per annum specified below, until paid in full. The undersigned maker(s) also promise(s) to pay (i) late charges, and other fees and charges as specified herein, and (ii) the cost of all fees paid or to be paid to public officials for recording, perfecting, maintaining, canceling and/or releasing any security interest in any Collateral securing this Finance Contract. Interest is to be accrued and principal and interest are to be paid as follows:

ADDENDUM. If the foregoing box is checked, this Finance Contract is modified, amended and supplemented by that Finance Contract Addendum attached hereto and incorporated herein by reference. The Finance Contract Addendum shall be fully binding upon each maker, jointly and severally, when signed or initialed by or on behalf of any one or more of the makers.

1. **INTEREST RATE.** Interest is calculated on the Date of this Finance Contract on a simple interest basis accruing _____ [monthly, unless specified otherwise] as though each payment is made on its due date, and then amortized over the payment term to determine the payment amount in Section 2. Rates are stated in simple interest terms. If a variable rate applies, the interest is adjusted in the event of an interest rate change to re-calculate interest over the remaining period. Partial prepayments and early payments do not affect the interest calculation and do not reduce interest payable. Unless the default rate described in section 5 below applies, interest shall accrue on the outstanding principal balance: (Complete Section A or B. If neither is completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)

(A) At the fixed interest rate of 6.99 percent per annum.

(B) At the variable interest rate of _____ percentage points above (or below, if checked) the Prime Rate established from time to time by First Citizens Bank (the "Prime Rate"). However, the interest rate will not at any time exceed the maximum rate of _____ percent per annum (or the maximum rate permitted by applicable law, whichever is less), or fall below the minimum rate of _____ percent per annum. The interest rate as of the date of this Finance Contract is _____ percent per annum. The interest rate is subject to change on a daily basis with changes becoming effective on the calendar day the Prime Rate changes.

2. **PAYMENT TERMS.** (If the following is not completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)

The Face Amount and accrued interest thereon is payable in 60 equal consecutive monthly (monthly, quarterly, semi-annual, etc.) payments of 4,799.42 each commencing on November 8, 2007 (the "Regular Payment Commencement Date") and on the same day of each such calendar period thereafter and one final payment of n/a due on November 8, 2012 (hereafter referred to as "Maturity"), unless sooner paid. The periodic payment amount specified includes principal and interest. If interest accrues under this Contract at a variable rate, the payment amounts will be adjusted by Lender in the event of a rate change in order to amortize the outstanding balance with the same final payment amount and Maturity as set forth above.

3. **FEES.** Lender service fees in the amount of \$299.00 are due and payable to Lender upon the signing of this Finance Contract.

4. **LATE CHARGE.** Maker agrees to pay a late charge of 4% of the unpaid portion of any payment past due for 15 days or more.

5. **DEFAULT RATE.** Upon default and following notice, if notice is required by law, including failure to pay at Maturity, Lender may, at its option and without prior notice to any obligor, increase the interest rate on this Finance Contract to 15%

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per annum or the maximum rate permitted by applicable law, whichever is less. This default rate of interest shall continue in effect unless and until the subject default is cured, in Lender's sole discretion, following which cure the rate of interest on this Finance Contract shall continue to accrue at the rate of interest that would apply if a default had not occurred. However, Lender will not increase the interest rate to the default rate if such an increase is prohibited by law. To the extent allowed by applicable law, the interest rate set forth in this Finance Contract (including the default rate) or the legal rate of interest, whichever is greater, shall apply to any indebtedness due following the entry of a judgment relating to the collection of this Finance Contract. The difference in interest at the default rate or legal rate, and the rate set forth in Section 1, is due and payable by maker to Lender immediately on demand.

6. **PRIME RATE.** Lender's "Prime Rate" of interest, as that term is used in this Finance Contract, means that rate established from time to time by Lender and identified as such within Lender's offices. The term "Prime Rate" is used as a means of identifying a rate of interest index and is not a representation by Lender that the Prime Rate is necessarily the lowest or most favorable rate of interest offered by Lender to borrowers generally, and no obligor shall have any claim or right of action based on such premise.

7. **PAYMENTS.**

(a) This Finance Contract may be prepaid in full at any time, subject to an early termination fee of \$300. Lender is not required to accept or apply any early payment or partial prepayment. Early payments and partial prepayments accepted by Lender are credited against the next payment(s) due as though paid on the due date of each such payment, and do not reduce interest on the remaining principal balance or earn interest for maker.

(b) Unless otherwise specified in this Finance Contract, each consecutive payment is due on the same day of the calendar period specified.

(c) Lender accepts payments to this Finance Contract as of the business day Lender receives U.S. legal tender or collected funds. U.S. legal tender shall be deemed received on the Lender's business day when received. Collected funds shall be deemed received on Lender's business day when cleared or otherwise irrevocably available to Lender. Lender's "business day" shall mean the business day for Lender's transactions between the applicable cut-off times on consecutive banking days. Partial prepayments and early payments are not applied against this Finance Contract until the applicable payment due date(s) as described in Section 7(a).

(d) Any item delivered to Lender as payment hereunder which is returned or charged back to Lender shall be considered as not having been received by Lender.

(e) Payments received will be applied in the following order: (i) late fees, if any, (ii) additional interest, if any, (iii) amounts due from maker other than payments, such as reimbursements and fees, (iv) past due payments, and (v) current payments due. If maker fails to make any installment payment within 14 days after it is due, then, in accordance with the foregoing order, subsequent payments received shall be applied first to the past due balance in the order in which the installments were due. Lender may, to the extent permitted by applicable law, impose a separate late charge for each subsequent installment that becomes 15 days or more past due.

(f) Maker agrees not to send Lender payments marked "Paid in Full," "Without Recourse," or similar language. If maker sends such a payment, Lender may accept it without losing any of Lender's rights under this Finance Contract, and maker will remain obligated to pay any further sums owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Citizens Bank, Commercial Leasing Department-RWN28, P.O. Box 29519, Raleigh, NC 27626-0519.

8. **WAIVERS.** Each obligor hereby (a) waives notice of delinquency, notice of default, notice of intent to accelerate, notice of acceleration, demand for payment, presentment for payment, notice of protest, protest, notice of nonpayment and notice of dishonor; (b) agrees that any extension of time for the payment of this Finance Contract shall not release or reduce the liability of any obligor, and further waives all notice of each such extension; (c) waives all rights to discharge under section 3-605 of the Uniform Commercial Code, as amended from time to time, and the corresponding provisions of any state or federal laws; (d) waives the benefits of any statutory provision limiting the liability of a surety and all claims against Lender and all defenses based on suretyship or impairment of collateral, and (e) waives any homestead or exemption laws and any rights thereunder affecting the full collection of this Finance Contract; (f) waives the benefits of any legal or equitable doctrine or principle of marshalling; (g) waives the benefits of any statutory provisions limiting the right of a lender to

recover a deficiency judgment, or to otherwise proceed against any person or entity obligated for payment of this Finance Contract, after foreclosure or trustee's sale of any security for this Finance Contract; and (h) agrees that none of the following shall release or reduce the liability of any obligor in any manner whatsoever: (i) the release of any one or more of the obligors or any settlement or compromise with any one or more of the obligors with respect to this Finance Contract, any Security Instrument or any of the other Finance Documents; (ii) the taking or compromise, modification, substitution, exchange, impairment, waiver, release or surrender of any Collateral or Security Instrument taken as security for this Finance Contract or for performance under any Security Instrument or any of the other Finance Documents; or (iii) the amendment, modification, extension, renewal, increase, or consolidation of this Finance Contract, any Security Instrument or any of the other Finance Documents, and each obligor waives notice of each such release, settlement, compromise, taking, substitution, exchange, impairment, waiver, surrender, amendment, modification, extension, renewal, increase, or consolidation. Lender shall have no duty whatsoever to monitor or verify the use of the proceeds of this Finance Contract or to ensure or verify that any finance proceeds are used for the purpose described in any of the Finance Documents. Each obligor hereby waives and agrees not to assert against Lender any claim or defense whatsoever based on (a) the actual or intended use of finance proceeds, (b) the failure of any finance proceeds to be used for any purpose described in any of the Finance Documents and/or (c) Lender's knowledge that finance proceeds were not used for the purpose described in any of the Finance Documents.

9. **EVENTS OF DEFAULT.** This Finance Contract, each Security Instrument and the other Finance Documents shall be in default upon the happening of any of the following "events of default":
- (a) Any payment is not made as and when due according to the terms of this Finance Contract;
 - (b) Default in the performance of any obligation, covenant or condition contained in, or the occurrence of any other event of default under, this Finance Contract, any Security Instrument or any of the other Finance Documents;
 - (c) Default by any obligor under any other Finance Contract, obligation or indebtedness owed to Lender (whether such Finance Contract, obligation or indebtedness now exists or is hereafter made), or default in any obligation or instrument securing any such Finance Contract, obligation or indebtedness;
 - (d) Any warranty, representation or statement made or furnished to Lender by or on behalf of any maker or guarantor in connection with this financing transaction, or to induce Lender to enter into this Finance Contract, is false or misleading in any material respect at any time during the term of this Finance Contract or at the time made or furnished;
 - (e) The death, dissolution, business failure, liquidation, or termination of existence of any maker or guarantor;
 - (f) The corporate or legal existence of any maker or guarantor is terminated or suspended, or any maker or guarantor fails to maintain its corporate or legal existence in good standing;
 - (g) Any guarantor disputes the validity of, or guarantor's liability under, any guaranty of this Finance Contract, or any guarantor revokes or attempts to revoke the guarantor's prospective liability under any guaranty of this Finance Contract for future advances or obligations, or any guarantor refuses to satisfy its guaranty in accordance with the terms of the guaranty;
 - (h) The sale, transfer or conveyance without Lender's prior written consent of more than 25% of the voting stock, partnership interests or limited liability company interests, as the case may be, of any maker or guarantor that is a corporation, partnership, limited partnership or limited liability company;
 - (i) Any voluntary or involuntary bankruptcy, reorganization, insolvency proceeding, receivership, or other similar proceeding is commenced by or against any maker or guarantor as debtor under any federal or state law, or any maker or guarantor becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
 - (j) The entry of any final monetary judgment or the assessment and/or filing of any tax lien against any maker or guarantor that is not satisfied, released or discharged within 30 days of entry;
 - (k) The issuance of any writ of garnishment, attachment, levy, seizure order, or forfeiture order against any property of, debts due, or rights of any maker or guarantor, including the commencement of any action or proceeding to seize monies of any maker or guarantor on deposit in any account with Lender; or

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- (I) Lender in good faith believes that the prospect of timely payment or other performance by any maker or guarantor is impaired or Lender otherwise in good faith deems itself or its collateral insecure.

If an event of default occurs, in addition to all other remedies available to Lender, Lender shall not be further obligated to advance any financing proceeds.

10. **NOTICE OF DEFAULT AND RIGHT TO CURE.** Unless notice has been previously given by Lender of the same or any other event of default within the preceding 12 months, maker shall have five (5) business days following Lender's giving of written notice of default within which to cure the default before Lender may require the immediate payment of this Finance Contract in full.
11. **ACCELERATION.** If an event of default occurs and (a) maker is not entitled to notice of default or the opportunity to cure or (b) the default is not cured during the cure period, then this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. In addition, if Lender has the right to accelerate this Finance Contract under the provisions of any Security Instrument as a result of Collateral being sold, transferred, conveyed or encumbered, Lender shall not be further obligated to advance any financing proceeds, and this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. Lender's failure to exercise any of the foregoing options (in whole or in part) shall not constitute a waiver of the right to exercise such options. Waiver by Lender of any default or right to accelerate shall not operate as a waiver of any other default or right to accelerate or of the same default or right to accelerate on any other occasion. Acceptance by Lender of payment of less than the entire unpaid balance after acceleration of this Finance Contract shall not cure a default or waive an acceleration, and Lender shall be entitled to proceed with its rights and remedies as Finance Contract holder (and as secured party, if applicable).
12. **COLLECTION COSTS/ATTORNEYS' FEES.** To the extent permitted by applicable law, maker promises to pay to Lender all of Lender's collection costs and expenses, including, but not limited to, (a) court costs; (b) Lender's reasonable attorneys' fees actually incurred if any sums under this Finance Contract are collected by or through an attorney, whether or not there is a lawsuit; and (c) expenses incurred to (i) trace and/or locate any obligor; (ii) collect this Finance Contract in whole or in part and, where applicable, reinstate the Finance Contract; (iii) trace, locate, recover, repossess, transport, store, hold, and assess any Collateral (including environmental assessments and appraisal expenses); and (iv) protect the Collateral and Lender's interest in the Collateral, including the cost of any bonds. The costs recoverable by Lender under this section shall include expenses that may not be taxable as court costs, including, without limitation, all costs and expenses incident to appellate, bankruptcy, post-judgment and alternative dispute resolution proceedings. All such costs and expenses shall be due and payable to Lender immediately upon Lender's payment of the same and may be added to the principal balance due and, to the extent permitted by law, shall bear interest at the rate specified in this Finance Contract. Maker shall be liable for the payment of the same as an additional obligation under this Finance Contract, which shall be secured by all Collateral and each Security Instrument. Lender shall have no duty to release Collateral until all such costs and expenses, in addition to all other obligations secured by this Finance Contract, are paid in full.
13. **SETOFF.** Lender has the right of setoff as provided by law (and/or as provided by the applicable Deposit Account Agreement) against the accounts and monies of each obligor which are held by Lender, which right Lender may exercise without any notice to any obligor.
14. **MISCELLANEOUS.** This Finance Contract shall be the joint and several obligation of each maker. No waivers or modifications of the terms of this Finance Contract shall be valid unless they are reduced to writing and duly executed by the party to be charged therewith. This Finance Contract is subject to the provisions of each commitment letter and agreement given, received or signed in connection with this financing transaction, the terms and conditions of which are incorporated herein by reference. If the terms of any such commitment letter or agreement conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control. This Finance Contract, each Security Instrument and all other Finance Documents shall be binding upon each obligor and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of and be enforceable by Lender and its successors, transferees and assigns. This Finance Contract and all guaranties and endorsements of this Finance Contract have been entered into in the State of North Carolina and shall be deemed to have been made under and shall be governed by federal law and, except to the extent preempted by federal law, the laws of the State of North Carolina in all respects, including matters of construction, validity and performance. Any action, suit or proceeding relating to this Finance Contract or any guaranty or endorsement of this Finance Contract may be instituted and prosecuted in the state or federal courts of the State of North Carolina, and each obligor waives any and all defenses relating to the jurisdiction and venue of such courts. Any photocopy, microfilm, microfiche or optical image of this Finance Contract may be presented as evidence in lieu of the original in any legal proceeding to enforce the terms of this Finance Contract and shall have the same validity as the original.

16. **DEFINITION OF TERMS.** As used herein, (a) "maker" means each maker who signs this Finance Contract, jointly and severally; (b) "guarantor" means each guarantor who guarantees the payment of all or any portion of this Finance Contract; (c) "obligor" means each maker, guarantor, endorser, and surety of all or any portion of this Finance Contract; (d) this "Finance Contract" refers to this instrument and to the indebtedness evidenced by this instrument; (e) "Security Instrument" includes each and every pledge, assignment, security agreement, guaranty, mortgage, deed to secure debt, deed of trust, hypothecation, or other security instrument or arrangement given to secure repayment of all or any portion of this Finance Contract or performance under any of the Finance Documents, whether now existing or hereafter arising; (f) "Collateral" means any collateral that secures repayment of this Finance Contract; (g) "Finance Documents" include all documents executed and delivered in connection with the transaction evidenced by this Finance Contract (including this Finance Contract, each Security Instrument, any commitment letters, any agreements and all application documents), whether now existing or hereafter arising; and (h) "Lender" means First-Citizens Bank & Trust Company (or "First Citizens Bank") and its successors and assigns. The terms "Finance Contract," "Security Instrument," and "Finance Documents" include all amendments, modifications, extensions and renewals thereof. If the terms of any of the Finance Documents conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control.

SECURITY AGREEMENT

All the terms and conditions of this Security Agreement are incorporated into and made a part of this Finance Contract. Maker and Lender agree as follows:

1. **DEFINITIONS.**

- a) Collateral. For purposes of this Security Agreement, the "Collateral" consists of the following personal property of maker, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, together with any and all additions, attachments, accessories and accessions thereto and replacements thereof, any after-acquired similar properties, all supporting obligations relating thereto, and the proceeds and products thereof, including insurance proceeds: Accent XL System and Harmony System per ALMA Lasers invoice #80001548, with all additions, accessories, accessions thereto, and replacements thereof

The following information must be provided only if the Collateral includes goods that are or are to become fixtures:

The real property to which the Collateral is related is located in the State of _____, County of _____, City of _____, Township of _____, and is more particularly described or identified as follows:

The record owner(s) of the foregoing real property is/are:

- b) Collection Expenses. The term "Collection Expenses" means (i) costs reasonably incurred by Lender to trace, locate, recover, repossess, transport, hold, store, insure, appraise, and assess (including environmental assessments) Collateral and prepare Collateral for sale; (ii) costs reasonably incurred by Lender to sell, lease or otherwise dispose of Collateral; (iii) the cost of any bonds Lender is required to post; (iv) court costs; and (v) to the extent permitted by applicable law, Lender's reasonable attorneys' fees actually incurred for the purpose of enforcing Lender's rights under this Security Agreement.
- c) Lien. The term "Lien" means any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of setoff, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.
- d) Obligations. "Obligation" refers individually to each of the following, and "Obligations" refers collectively to all of the following:

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- 1) The Finance Contract set forth above, payable to the order of Lender, and any renewals, extensions or modifications thereof;
- 2) All liabilities of maker to Lender under this Security Agreement;
- 3) All "Collection Expenses" (as defined in this Security Agreement); and
- 4) The repayment of any amounts that Lender advances or spends for the maintenance or preservation of the Collateral or for the benefit of maker.
- e) Permitted Liens. The term "Permitted Liens" means (i) Liens held by Lender, (ii) Liens for taxes not delinquent or for taxes being diligently contested in good faith by maker by appropriate proceedings (provided neither the Lien nor the proceeding impairs any of the Collateral or Lender's rights or remedies with respect thereto), and (iii) Liens specifically consented to in writing by Lender.
- f) UCC. The term "UCC" means the Uniform Commercial Code as amended from time to time. Any term defined in the UCC and not defined in this Security Agreement has the meaning given to that term in the UCC in effect on the date of this Security Agreement.

2. **MAKER'S NAME AND LOCATION.** Maker warrants and represents that:

- a) Maker's exact legal name is as set forth in the first paragraph of this Security Agreement.
- b) Maker is:
 - an individual. Maker's principal residence is located in the State of _____.
 - a corporation incorporated under the laws of the State of North Carolina.
 - a limited liability company (LLC) organized under the laws of the State of _____.
 - a partnership whose chief executive office is located in the State of _____.
 - a limited partnership organized under the laws of the State of _____.
 - Other - Specify: _____
maker's chief executive office is located in the State of _____.

3. **LOCATION OF COLLATERAL THAT CONSISTS OF GOODS.** Maker warrants and represents that:

- a) Collateral that consists of vehicles or other titled property will be titled solely in the State of _____. Maker will not take or permit any action that would require application for a certificate of title in any state other than _____ without Lender's prior written consent.
- b) Collateral that consists of vehicles will be garaged principally at the following location:

Maker will not change the place where any vehicle is principally garaged without Lender's prior written consent.

- c) All Collateral consisting of goods other than vehicles will be kept at the following location or locations:
415 Pisgah Church Rd, Suite 348
Greensboro, NC 27455

Maker will not remove the Collateral from that location or those locations without Lender's prior written consent.

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4. **GRANT OF SECURITY INTEREST.** Maker hereby grants a continuing security interest in the Collateral to Lender to secure the payment or performance of the Obligations.

5. **PERFECTION OF SECURITY INTEREST.**

- a) Maker authorizes Lender to file financing statements describing the Collateral and any agricultural liens or other statutory liens held by Lender.
- b) Maker will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.
- c) Whenever required by Lender, maker will promptly deliver to Lender, with all endorsements and/or assignments required by Lender, all instruments, chattel paper, guaranties, and the like received by maker constituting, evidencing, or relating to any of the Collateral or proceeds of any of the Collateral.
- d) Where Collateral is in the possession of a third party, maker will join with Lender in notifying the third party of Lender's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Lender.
- e) Maker agrees to sign and deliver any additional documents and to take any further actions reasonably requested by Lender to evidence or perfect the security interest granted herein, to maintain the first priority of the security interest, or to effectuate the rights granted to Lender in this Security Agreement.

6. **RIGHTS CONCERNING THE COLLATERAL.**

- a) Until an event of default occurs, maker may have possession of Collateral consisting of tangible personal property and the beneficial use of all of the Collateral. Maker may use the Collateral in any lawful manner not inconsistent with this Security Agreement. However, Maker's right to possession and beneficial use will not apply to any Collateral to the extent Lender is required by law or chooses to perfect its security interest in such Collateral by possession.
- b) Either party to this Security Agreement may inspect any Collateral in the other party's possession at any time upon reasonable notice.
- c) The Collateral will remain personal property at all times. Except to the extent the Collateral specifically includes goods that are or are to become fixtures, maker will not affix any of the Collateral to any real property in any manner that would change its nature from that of personal property to real property or to a fixture without Lender's prior written consent.
- d) If Lender at any time has possession of any Collateral, whether before or after an event of default, Lender will be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as maker requests or as Lender, in Lender's sole discretion, deems appropriate under the circumstances, but failure to honor any request by maker will not of itself be deemed to be a failure to exercise reasonable care.
- e) Maker has the risk of loss of the Collateral.
- f) Lender has no duty to (i) collect any income accruing on the Collateral, (ii) enforce or preserve any rights relating to the Collateral, or (iii) preserve rights against account debtors or other parties that have a prior interest in the Collateral.

7. **MAKER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.** Maker warrants, represents and covenants as follows:

- a) Maker has rights in and the power to transfer the Collateral. The Collateral is free and clear of all Liens, except for Permitted Liens. No financing statement covering any of the Collateral is on file in any public office other than those that reflect the security interest created by this Security Agreement or to which Lender has specifically consented. Maker will defend Lender's rights in the Collateral against the claims and demands of all other persons.

- b) Maker will take such actions and execute and deliver to Lender such documentation as Lender may reasonably request to provide Lender with a properly perfected and continuing first lien security interest in the entire Collateral. Maker will pay the cost of filing any financing statements that Lender deems necessary or desirable.
- c) Maker will, whenever requested, advise Lender of the exact location of all Collateral.
- d) Except for inventory sold and accounts collected in the ordinary course of maker's business, maker will not do any of the following without first obtaining Lender's written consent: (i) sell, offer to sell, lease, convey, or otherwise transfer or dispose of any of the Collateral or any interest therein, (ii) license any of the Collateral or any interest therein to any third party or parties, or (iii) grant any other security interest in any of the Collateral.
- e) Maker will not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any Lien, other than Permitted Liens, without Lender's prior written consent. This includes security interests, even if junior-in-right to the security interest granted under this Security Agreement.
- f) Maker will keep the Collateral in good order and repair, ordinary wear and tear excepted, and will not waste or destroy, or permit the waste or destruction of, the Collateral or any part thereof. Maker will not use the Collateral in violation of any statute, regulation or ordinance. Maker will promptly pay when due all taxes and assessments upon the Collateral arising from its use, operation, or ownership.
- g) Maker will notify Lender in writing prior to the occurrence of any of the following events:
 - (1) A change in maker's name or maker's assumed business name(s);
 - (2) A change in maker's principal residence (if maker is an individual), state of organization (if maker is a registered organization), or state where maker's chief executive office is located (if maker is any other type of organization);
 - (3) Maker converts to a different type of entity;
 - (4) Maker's legal existence is suspended or terminated;
 - (5) Maker merges or consolidates with or into any other entity; or
 - (6) Maker sells all or substantially all of its assets.

8. INSURANCE.

- a) Maker will procure and maintain comprehensive casualty insurance covering all risks, including (but not limited to) fire (including so-called extended coverage), theft and liability coverage, together with such other insurance as Lender may reasonably require with respect to the Collateral. If the Collateral is or includes one or more motor vehicles, the insurance coverage to be procured and maintained by maker will include collision insurance. Maker may obtain such insurance from any duly licensed company or companies. However, all policies must be in such form, contain such terms, be for such periods of time, provide for such deductibles, and be in such amounts as Lender may reasonably require, subject to any limitations imposed by applicable law. Insurance will be payable to Lender and maker as their respective interests may appear. Each policy will include a stipulation that coverage will not be cancelled or diminished without at least ten days' prior written notice to Lender, and no policy may include any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy will also include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of maker or any other person. Maker will furnish Lender certificates or other evidence satisfactory to Lender of compliance with these requirements.
- b) Maker will promptly notify Lender of any loss or damage to the Collateral. Lender may make proof of loss if Maker fails to do so within fifteen days of the casualty. Maker hereby assigns to Lender the proceeds of all such insurance to the extent of any balance due on the Obligations. Maker authorizes and directs each insurer to make payments directly to Lender. Maker hereby designates Lender as maker's attorney-in-fact. This appointment will be deemed a power coupled with an interest, will not be terminable as long as any of the Obligations are outstanding, and will not terminate on the disability or incompetence of maker. This power of attorney gives Lender the right (but not the obligation) to file proof of loss and/or any other claim forms required to collect from any insurer any amount due

from loss, damage or destruction of any of the Collateral, to agree to and bind maker as to the amount of said recovery, to designate payees of such recovery, to grant releases to payors-insurers for their liability, to grant subrogation rights to any such payor-insurer, and to endorse any settlement check or draft. Other than filing proof of loss and claim forms, maker agrees not to exercise any of the foregoing powers granted to Lender without Lender's written consent. If the cost of any such insurance is financed as part of any Obligation secured by this Security Agreement, maker hereby assigns to Lender any premium refund.

- c) Net insurance proceeds may be applied, at Lender's option, either toward replacing or restoring the Collateral, in a manner and on terms satisfactory to Lender, or as a credit against such of the Obligations, whether matured or unmatured, as Lender may determine in its sole discretion. If Lender allows the proceeds to be used to replace or restore Collateral, then such net proceeds will be deposited in a segregated account under Lender's exclusive control and may be disbursed therefrom by Lender in such manner and at such times as Lender deems appropriate to complete such replacement or restoration.

9. **RIGHTS OF LENDER TO PROTECT ITS INTEREST IN COLLATERAL.**

- a) At its option, Lender may (but will not be required to) discharge Liens levied or placed on the Collateral at any time and pay for the maintenance, repair, upkeep and preservation of the Collateral.
- b) If maker fails to maintain insurance on the Collateral as required by this Security Agreement, Lender may (but will not be obligated to) obtain and pay for such insurance or any other insurance that Lender deems appropriate to protect the interest of Lender and/or maker in the Collateral, including, if Lender so chooses, "single interest insurance" or "collateral protection insurance" that covers only Lender's interest in the Collateral.
- c) Any sums expended by Lender under this Security Agreement may be added to the Obligations secured by this Security Agreement and, unless otherwise provided by law, will, at Lender's option (i) be payable on demand; or (ii) be added to the balance of any specific Obligation then outstanding and bear interest and be payable as part of that Obligation.
- d) Lender's rights and remedies under this Security Agreement, including the right to declare the existence of a default, will not be affected by any expenditures made by Lender under this section.

10. **EVENTS OF DEFAULT.** Whenever used in this Security Agreement, the term "event of default" means any one or more of the following events:

- a) The occurrence of any default or event of default in the performance or payment of any one or more of the Obligations or any related security instrument that is not cured within any applicable cure period following the giving of any required notice;
- b) The failure by maker to comply fully with any covenant, condition or agreement contained in this Security Agreement;
- c) Maker's breach of any representation, warranty or covenant contained in this Security Agreement;
- d) Any warranty, representation or statement made or furnished to Lender by or on behalf of maker proves to have been false in any material respect when made or furnished;
- e) Loss, theft, substantial damage or destruction of or to any of the Collateral that is not fully covered by insurance;
- f) The sale, lease, conveyance or transfer of any of the Collateral without Lender's prior written consent, other than the sale of inventory and the collection of accounts in the ordinary course of maker's business;
- g) Maker's dissolution, business failure, liquidation, or termination of existence;
- h) Maker's corporate or legal existence is terminated or suspended, or maker fails to maintain its corporate or legal existence in good standing;

- i) Any voluntary or involuntary bankruptcy, reorganization, insolvency, receivership or other similar proceeding is commenced by or against any maker under any federal or state law, or any maker becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
 - j) The issuance of any writ of garnishment, attachment, levy, or forfeiture order for or against any of the Collateral;
 - k) The filing of any tax lien or judgment against any maker that is not satisfied, released or discharged within 30 days of entry; and
 - l) The occurrence of anything that Lender in good faith believes endangers the Collateral or maker's ability to perform its obligations under this Security Agreement.
11. **REMEDIES UPON DEFAULT.** If an event of default occurs, Lender will have the rights and remedies specified in this section. Lender will give such notice of default and opportunity to cure as may be required by the secured Obligations and applicable law before exercising its rights and remedies. All of Lender's rights and remedies are cumulative and may be enforced alternatively, successively, or concurrently.
- a) Lender may, at its option, declare all or any portion of the Obligations to be immediately due and payable in full without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived.
 - b) Lender will have all of the rights and remedies of a secured party under the UCC. In addition, Lender will have all of the rights and remedies available to a secured creditor at law, in equity, or otherwise.
 - c) At Lender's request, maker will assemble the Collateral and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both the maker and the Lender. Maker grants to Lender the right, for this purpose, to enter into or on any premises where Collateral may be located and remove the Collateral from the premises.
 - d) No delay or omission by Lender to exercise any right or remedy following an event of default will (i) impair any right or remedy, (ii) waive any default or operate as an acquiescence to the event of default, or (iii) affect any subsequent default of the same or of a different nature.
 - e) In any sale, lease, license or other disposition of Collateral by Lender:
 - (1) Lender has no obligation to clean up or otherwise process or prepare Collateral for sale, lease, licensing or other disposition.
 - (2) Lender may sell, lease, license or otherwise dispose of Collateral without giving any warranty as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale, lease or other disposition of the Collateral.
 - (3) If Lender sells any of the Collateral upon credit, maker will be credited only with payments actually made by the purchaser, received by the Lender and applied to the Obligations. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and maker will be credited with the proceeds of the sale.
 - (4) If the Lender purchases any of the Collateral being sold, Lender may pay for the Collateral by crediting some or all of the Obligations.
 - f) Any UCC requirement for Lender to give reasonable notification will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the event in question. For example, the requirement for reasonable notification of the time and place of any public sale of Collateral will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the date of the sale.
 - g) Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them. Lender may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Lender's rights and remedies against maker. Maker waives any right maker may have to require Lender to pursue any third person for any of the Obligations.

12. **DEFAULT COSTS.** If an event of default occurs, maker will pay Lender all costs reasonably incurred by Lender for the purpose of enforcing its rights under this Security Agreement, including, but not limited to, Collection Expenses.
13. **RIGHT OF SETOFF.** Lender has the right of setoff provided by law and/or as provided by any deposit account agreement or other agreement maker has or may hereafter have with Lender. Lender may exercise its right of setoff against all deposits, monies, securities and other property of maker now or hereafter in Lender's possession or on deposit with Lender, whether held in general or special accounts or deposits, whether held alone or jointly with others, and whether held for safekeeping or otherwise. However, Lender may not exercise a right of setoff against IRA, Keogh, agency, fiduciary or trust accounts. Lender may exercise its right of setoff without demand upon or notice to maker or anyone else.
14. **MAKER'S WAIVERS.** Neither Lender's security interest in the Collateral nor maker's liability under this Security Agreement will be released or diminished as a result of any extension, renewal or modification of any of the Obligations. Nothing will discharge or satisfy maker's Obligations under this Security Agreement except the full and final performance and payment of all Obligations, without deduction by reason of setoff, defense or counterclaim. Maker waives any right to require Lender to marshal any assets or obligations.
15. **MISCELLANEOUS.**
 - a) If there is more than one maker, their obligations under this Security Agreement are joint and several. Each provision of this Security Agreement applies to each and all makers.
 - b) This Security Agreement is binding upon each maker and all other persons who assume the obligations of maker or otherwise become bound under this Security Agreement, and their respective heirs, legatees, executors, administrators, successors and assigns. This Security Agreement inures to the benefit of Lender and its successors and assigns. Lender may assign its rights and interest under this Security Agreement. If an assignment is made, maker will render performance under this Security Agreement to the assignee. Maker waives and will not assert against any assignee any claims, defenses or setoffs that maker could assert against Lender, other than defenses that cannot be waived. Lender does not consent to any assignments by maker, except as expressly provided in this Security Agreement.
 - c) If any provision of this document is found to be void, invalid or unenforceable by a court or panel of arbitration of competent jurisdiction, that finding will only affect the provision found to be void, invalid or unenforceable and will not affect the remaining provisions of this document.
 - d) Any notice required by this Security Agreement will be deemed to be delivered when a record has been (i) deposited in any United States postal box if postage is prepaid and the notice is properly addressed to the intended recipient (or, if maker is the intended recipient, to maker's address for notification purposes as stated at the beginning of this Security Agreement or to maker's most recent address as appears in Lender's records), (ii) received by telecopy, or (iii) personally delivered. Notice delivered to any one maker will be deemed delivery to each maker.
 - e) Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and will not be used in construing it.
 - f) This Security Agreement is being executed and delivered and is intended to be performed in the State of North Carolina. This Security Agreement will be construed and enforced in accordance with the laws of the State of North Carolina, except to the extent that the UCC provides for the application of a law of a different state.
 - g) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.
16. **OTHER PROVISIONS.**

IN WITNESS WHEREOF, each individual signing this instrument has hereunto set his or her hand, and each other entity has caused this instrument to be executed in its name by a person or persons duly authorized, all by authority duly given and all as of the date of this instrument.

BUSINESS ENTITY MAKER:

INDIVIDUAL MAKER(S):

Advanced Medical Equipment Distribution Co.

Name of Entity

Name:

By: _____

Name:

Name: Brendan J. Hesseheimer

Title: President / CEO

Name:

ACCEPTED:

FIRST-CITIZENS BANK & TRUST COMPANY

By: _____

Title: _____

Associate #: _____

NBMAIN\6222192

02/19/2014 19:48 FAX 18886681302

002/002

Alma Lasers*

495 Half Day Road # 100
Buffalo Grove IL 60089
USA

Tel: (224) 377-2000
Fax: (224) 377-2050

INVOICE

INVOICE NO.
80001548

INV. DATE
09/26/07

PAGE NO.

1

SOLD TO

Customer Code: C1000771

Advanced Med Corp
415 Pisgah Church Rd.
Suite 348
Greensboro NC 27455
USA

SHIP TO

Customer Code: C1000771

Advanced Med Corp
415 Pisgah Church Rd.
Suite 348
Greensboro NC 27455
USA

Packing List	Customer PO	Payment Terms	Freight Terms
60003598		Due Upon Delivery	FOB Destination (Domestic)
SALESPERSON	SHIP VIA	DATE SHIPPED	TRACKING #
	Love Express 3-5 day		800888

Quantity	ITEM NO.	DESCRIPTION	EXTENSION
1.000	AAAP21080801	Accent XL System 110V	
1.000	AARF18080600	Accent XL Bipolar HP	
1.000	AARF18080600	Accent XL Unipolar HP	
1.000	Training Allowance	Training or Tuition Allowance	
1.000	Shipping and Handling	Shipping and Handling	

Remarks:

SUBTOTAL	USD 120,950.00
Sales Tax	
Total Invoice Amount	USD 120,950.00
Payment/Credit Applied	0.00
TOTAL	USD 120,950.00

02/19/2014 19:48 FAX 18888851302

001/002



485 Half Day Road # 100
Buffalo Grove IL 60089
USA

Tel: (224) 377-2000
Fax: (224) 377-2050

INVOICE

INVOICE NO.
80001458

INV. DATE
09/26/07

PAGE NO.
1

SOLD TO

Customer Code: C1000771

Advanced MedCorp
415 Pisgah Church Rd.
Suite 348
Greensboro NC 27455
USA

SHIP TO

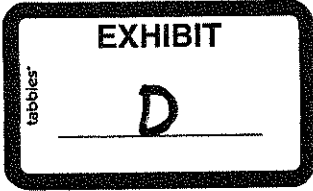
Customer Code: C1000771

Advanced MedCorp
415 Pisgah Church Rd.
Suite 348
Greensboro NC 27455
USA

Packing List	Customer PO	Payment Terms	Freight/Terms
80003485		Due Upon Delivery	FOB Destination (Domestic)
SALESPERSON	SHIP VIA	DATE SHIPPED	TRACKING #
	Love Express 3-5 day		800674

Quantity	ITEM NO.	DESCRIPTION	EXTENSION
1.000	AAIP03060402	Harmony System 110V	
1.000	AAIP05060401	Harmony Cart	
1.000	Training Allowance	Training or Tuition Allowance	
1.000	AAIP24010701	Handpiece 515nm SVP	
1.000	AAIP18020303	Handpiece 540 VL/PL	
1.000	AAIP18020302	Handpiece 570 SR	
1.000	AAIP18020301	Handpiece 650 HR	

Remarks:	SUBTOTAL	USD 122,800.00
	Sales Tax	
	Total Invoice Amount	USD 122,800.00
	Payment/Credit Applied	0.00
	TOTAL	USD 122,800.00



FINANCE CONTRACT
(For Business Transactions)

FILM

November 30, 2007
Date of this Finance Contract

\$80,900.00
Face Amount of this Finance Contract

FOR BANK USE ONLY:	
Name and Address in Which Account will be Booked:	
Finance Contract# 22613004	Advanced Medical Equipment Distribution Co 415 Pisgah Church Rd, Ste 348 Greensboro, NC 27455

FOR VALUE RECEIVED, the undersigned maker(s), jointly and severally, promise(s) to pay to the order of FIRST-CITIZENS BANK & TRUST COMPANY ("Lender") the sum specified above as the Face Amount of this Finance Contract, together with interest accrued thereon from the date hereof at the interest rate or rates per annum specified below, until paid in full. The undersigned maker(s) also promise(s) to pay (i) late charges, and other fees and charges as specified herein, and (ii) the cost of all fees paid or to be paid to public officials for recording, perfecting, maintaining, canceling and/or releasing any security interest in any Collateral securing this Finance Contract. Interest is to be accrued and principal and interest are to be paid as follows:

ADDENDUM. If the foregoing box is checked, this Finance Contract is modified, amended and supplemented by that Finance Contract Addendum attached hereto and incorporated herein by reference. The Finance Contract Addendum shall be fully binding upon each maker, jointly and severally, when signed or initialed by or on behalf of any one or more of the makers.

1. **INTEREST RATE.** Interest is calculated on the Date of this Finance Contract on a simple interest basis accruing _____ [monthly, unless specified otherwise] as though each payment is made on its due date, and then amortized over the payment term to determine the payment amount in Section 2. Rates are stated in simple interest terms. If a variable rate applies, the interest is adjusted in the event of an interest rate change to re-calculate interest over the remaining period. Partial prepayments and early payments do not affect the interest calculation and do not reduce interest payable. Unless the default rate described in section 5 below applies, interest shall accrue on the outstanding principal balance: *(Complete Section A or B. If neither is completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)*

(A) At the fixed interest rate of 6.99 percent per annum.

(B) At the variable interest rate of _____ percentage points above (or below, if checked) the Prime Rate established from time to time by First Citizens Bank (the "Prime Rate"). However, the interest rate will not at any time exceed the maximum rate of _____ percent per annum (or the maximum rate permitted by applicable law, whichever is less), or fall below the minimum rate of _____ percent per annum. The interest rate as of the date of this Finance Contract is _____ percent per annum. The interest rate is subject to change on a daily basis with changes becoming effective on the calendar day the Prime Rate changes.

2. **PAYMENT TERMS.** *(If the following is not completed, refer to Finance Contract Addendum attached hereto and incorporated herein by reference.)*

The Face Amount and accrued interest thereon is payable in 60 equal consecutive monthly (monthly, quarterly, semi-annual, etc.) payments of 1,592.26 each commencing on December 8, 2007 (the "Regular Payment Commencement Date") and on the same day of each such calendar period thereafter and one final payment of n/a due on December 8, 2012 (hereafter referred to as "Maturity"), unless sooner paid. The periodic payment amount specified includes principal and interest. If interest accrues under this Contract at a variable rate, the payment amounts will be adjusted by Lender in the event of a rate change in order to amortize the outstanding balance with the same final payment amount and Maturity as set forth above.

3. **FEES.** Lender service fees in the amount of \$299.00 are due and payable to Lender upon the signing of this Finance Contract.

4. **LATE CHARGE.** Maker agrees to pay a late charge of 4% of the unpaid portion of any payment past due for 15 days or more.

5. **DEFAULT RATE.** Upon default and following notice, if notice is required by law, including failure to pay at Maturity, Lender may, at its option and without prior notice to any obligor, increase the interest rate on this Finance Contract to 15% per annum or the maximum rate permitted by applicable law, whichever is less. This default rate of interest shall continue in effect unless and until the subject default is cured, in Lender's sole discretion, following which cure the rate of interest on

this Finance Contract shall continue to accrue at the rate of interest that would apply if a default had not occurred. However, Lender will not increase the interest rate to the default rate if such an increase is prohibited by law. To the extent allowed by applicable law, the interest rate set forth in this Finance Contract (including the default rate) or the legal rate of interest, whichever is greater, shall apply to any indebtedness due following the entry of a judgment relating to the collection of this Finance Contract. The difference in interest at the default rate or legal rate, and the rate set forth in Section 1, is due and payable by maker to Lender immediately on demand.

6. **PRIME RATE.** Lender's "Prime Rate" of interest, as that term is used in this Finance Contract, means that rate established from time to time by Lender and identified as such within Lender's offices. The term "Prime Rate" is used as a means of identifying a rate of interest index and is not a representation by Lender that the Prime Rate is necessarily the lowest or most favorable rate of interest offered by Lender to borrowers generally, and no obligor shall have any claim or right of action based on such premise.

7. **PAYMENTS.**

(a) This Finance Contract may be prepaid in full at any time, subject to an early termination fee of \$300. Lender is not required to accept or apply any early payment or partial prepayment. Early payments and partial prepayments accepted by Lender are credited against the next payment(s) due as though paid on the due date of each such payment, and do not reduce interest on the remaining principal balance or earn interest for maker.

(b) Unless otherwise specified in this Finance Contract, each consecutive payment is due on the same day of the calendar period specified.

(c) Lender accepts payments to this Finance Contract as of the business day Lender receives U.S. legal tender or collected funds. U.S. legal tender shall be deemed received on the Lender's business day when received. Collected funds shall be deemed received on Lender's business day when cleared or otherwise irrevocably available to Lender. Lender's "business day" shall mean the business day for Lender's transactions between the applicable cut-off times on consecutive banking days. Partial prepayments and early payments are not applied against this Finance Contract until the applicable payment due date(s) as described in Section 7(a).

(d) Any item delivered to Lender as payment hereunder which is returned or charged back to Lender shall be considered as not having been received by Lender.

(e) Payments received will be applied in the following order: (i) late fees, if any, (ii) additional interest, if any, (iii) amounts due from maker other than payments, such as reimbursements and fees, (iv) past due payments, and (v) current payments due. If maker fails to make any installment payment within 14 days after it is due, then, in accordance with the foregoing order, subsequent payments received shall be applied first to the past due balance in the order in which the installments were due. Lender may, to the extent permitted by applicable law, impose a separate late charge for each subsequent installment that becomes 15 days or more past due.

(f) Maker agrees not to send Lender payments marked "Paid in Full," "Without Recourse," or similar language. If maker sends such a payment, Lender may accept it without losing any of Lender's rights under this Finance Contract, and maker will remain obligated to pay any further sums owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Citizens Bank, Commercial Leasing Department-RWN28, P.O. Box 29519, Raleigh, NC 27626-0519.

8. **WAIVERS.** Each obligor hereby (a) waives notice of delinquency, notice of default, notice of intent to accelerate, notice of acceleration, demand for payment, presentment for payment, notice of protest, protest, notice of nonpayment and notice of dishonor; (b) agrees that any extension of time for the payment of this Finance Contract shall not release or reduce the liability of any obligor, and further waives all notice of each such extension; (c) waives all rights to discharge under section 3-605 of the Uniform Commercial Code, as amended from time to time, and the corresponding provisions of any state or federal laws; (d) waives the benefits of any statutory provision limiting the liability of a surety and all claims against Lender and all defenses based on suretyship or impairment of collateral, and (e) waives any homestead or exemption laws and any rights thereunder affecting the full collection of this Finance Contract; (f) waives the benefits of any legal or equitable doctrine or principle of marshalling; (g) waives the benefits of any statutory provisions limiting the right of a lender to recover a deficiency judgment, or to otherwise proceed against any person or entity obligated for payment of this Finance Contract, after foreclosure or trustee's sale of any security for this Finance Contract; and (h) agrees that none of the following shall release or reduce the liability of any obligor in any manner whatsoever: (i) the release of any one or more of the obligors or any settlement or compromise with any one or more of the obligors with respect to this Finance Contract, any Security

Instrument or any of the other Finance Documents; (ii) the taking or compromise, modification, substitution, exchange, impairment, waiver, release or surrender of any Collateral or Security Instrument taken as security for this Finance Contract or for performance under any Security Instrument or any of the other Finance Documents; or (iii) the amendment, modification, extension, renewal, increase, or consolidation of this Finance Contract, any Security Instrument or any of the other Finance Documents, and each obligor waives notice of each such release, settlement, compromise, taking, substitution, exchange, impairment, waiver, surrender, amendment, modification, extension, renewal, increase, or consolidation. Lender shall have no duty whatsoever to monitor or verify the use of the proceeds of this Finance Contract or to ensure or verify that any finance proceeds are used for the purpose described in any of the Finance Documents. Each obligor hereby waives and agrees not to assert against Lender any claim or defense whatsoever based on (a) the actual or intended use of finance proceeds, (b) the failure of any finance proceeds to be used for any purpose described in any of the Finance Documents and/or (c) Lender's knowledge that finance proceeds were not used for the purpose described in any of the Finance Documents.

9. **EVENTS OF DEFAULT.** This Finance Contract, each Security Instrument and the other Finance Documents shall be in default upon the happening of any of the following "events of default":

- (a) Any payment is not made as and when due according to the terms of this Finance Contract;
- (b) Default in the performance of any obligation, covenant or condition contained in, or the occurrence of any other event of default under, this Finance Contract, any Security Instrument or any of the other Finance Documents;
- (c) Default by any obligor under any other Finance Contract, obligation or indebtedness owed to Lender (whether such Finance Contract, obligation or indebtedness now exists or is hereafter made), or default in any obligation or instrument securing any such Finance Contract, obligation or indebtedness;
- (d) Any warranty, representation or statement made or furnished to Lender by or on behalf of any maker or guarantor in connection with this financing transaction, or to induce Lender to enter into this Finance Contract, is false or misleading in any material respect at any time during the term of this Finance Contract or at the time made or furnished;
- (e) The death, dissolution, business failure, liquidation, or termination of existence of any maker or guarantor;
- (f) The corporate or legal existence of any maker or guarantor is terminated or suspended, or any maker or guarantor fails to maintain its corporate or legal existence in good standing;
- (g) Any guarantor disputes the validity of, or guarantor's liability under, any guaranty of this Finance Contract, or any guarantor revokes or attempts to revoke the guarantor's prospective liability under any guaranty of this Finance Contract for future advances or obligations, or any guarantor refuses to satisfy its guaranty in accordance with the terms of the guaranty;
- (h) The sale, transfer or conveyance without Lender's prior written consent of more than 25% of the voting stock, partnership interests or limited liability company interests, as the case may be, of any maker or guarantor that is a corporation, partnership, limited partnership or limited liability company;
- (i) Any voluntary or involuntary bankruptcy, reorganization, insolvency proceeding, receivership, or other similar proceeding is commenced by or against any maker or guarantor as debtor under any federal or state law, or any maker or guarantor becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
- (j) The entry of any final monetary judgment or the assessment and/or filing of any tax lien against any maker or guarantor that is not satisfied, released or discharged within 30 days of entry;
- (k) The issuance of any writ of garnishment, attachment, levy, seizure order, or forfeiture order against any property of, debts due, or rights of any maker or guarantor, including the commencement of any action or proceeding to seize monies of any maker or guarantor on deposit in any account with Lender; or
- (l) Lender in good faith believes that the prospect of timely payment or other performance by any maker or guarantor is impaired or Lender otherwise in good faith deems itself or its collateral insecure.

If an event of default occurs, in addition to all other remedies available to Lender, Lender shall not be further obligated to advance any financing proceeds.

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10. **NOTICE OF DEFAULT AND RIGHT TO CURE.** Unless notice has been previously given by Lender of the same or any other event of default within the preceding 12 months, maker shall have five (5) business days following Lender's giving of written notice of default within which to cure the default before Lender may require the immediate payment of this Finance Contract in full.
11. **ACCELERATION.** If an event of default occurs and (a) maker is not entitled to notice of default or the opportunity to cure or (b) the default is not cured during the cure period, then this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. In addition, if Lender has the right to accelerate this Finance Contract under the provisions of any Security Instrument as a result of Collateral being sold, transferred, conveyed or encumbered, Lender shall not be further obligated to advance any financing proceeds, and this Finance Contract shall, at Lender's option, become due and payable in full without demand or notice of any kind. Lender's failure to exercise any of the foregoing options (in whole or in part) shall not constitute a waiver of the right to exercise such options. Waiver by Lender of any default or right to accelerate shall not operate as a waiver of any other default or right to accelerate or of the same default or right to accelerate on any other occasion. Acceptance by Lender of payment of less than the entire unpaid balance after acceleration of this Finance Contract shall not cure a default or waive an acceleration, and Lender shall be entitled to proceed with its rights and remedies as Finance Contract holder (and as secured party, if applicable).
12. **COLLECTION COSTS/ATTORNEYS' FEES.** To the extent permitted by applicable law, maker promises to pay to Lender all of Lender's collection costs and expenses, including, but not limited to, (a) court costs; (b) Lender's reasonable attorneys' fees actually incurred if any sums under this Finance Contract are collected by or through an attorney, whether or not there is a lawsuit; and (c) expenses incurred to (i) trace and/or locate any obligor; (ii) collect this Finance Contract in whole or in part and, where applicable, reinstate the Finance Contract; (iii) trace, locate, recover, repossess, transport, store, hold, and assess any Collateral (including environmental assessments and appraisal expenses); and (iv) protect the Collateral and Lender's interest in the Collateral, including the cost of any bonds. The costs recoverable by Lender under this section shall include expenses that may not be taxable as court costs, including, without limitation, all costs and expenses incident to appellate, bankruptcy, post-judgment and alternative dispute resolution proceedings. All such costs and expenses shall be due and payable to Lender immediately upon Lender's payment of the same and may be added to the principal balance due and, to the extent permitted by law, shall bear interest at the rate specified in this Finance Contract. Maker shall be liable for the payment of the same as an additional obligation under this Finance Contract, which shall be secured by all Collateral and each Security Instrument. Lender shall have no duty to release Collateral until all such costs and expenses, in addition to all other obligations secured by this Finance Contract, are paid in full.
13. **SETOFF.** Lender has the right of setoff as provided by law (and/or as provided by the applicable Deposit Account Agreement) against the accounts and monies of each obligor which are held by Lender, which right Lender may exercise without any notice to any obligor.
14. **MISCELLANEOUS.** This Finance Contract shall be the joint and several obligation of each maker. No waivers or modifications of the terms of this Finance Contract shall be valid unless they are reduced to writing and duly executed by the party to be charged therewith. This Finance Contract is subject to the provisions of each commitment letter and agreement given, received or signed in connection with this financing transaction, the terms and conditions of which are incorporated herein by reference. If the terms of any such commitment letter or agreement conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control. This Finance Contract, each Security Instrument and all other Finance Documents shall be binding upon each obligor and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of and be enforceable by Lender and its successors, transferees and assigns. This Finance Contract and all guaranties and endorsements of this Finance Contract have been entered into in the State of North Carolina and shall be deemed to have been made under and shall be governed by federal law and, except to the extent preempted by federal law, the laws of the State of North Carolina in all respects, including matters of construction, validity and performance. Any action, suit or proceeding relating to this Finance Contract or any guaranty or endorsement of this Finance Contract may be instituted and prosecuted in the state or federal courts of the State of North Carolina, and each obligor waives any and all defenses relating to the jurisdiction and venue of such courts. Any photocopy, microfilm, microfiche or optical image of this Finance Contract may be presented as evidence in lieu of the original in any legal proceeding to enforce the terms of this Finance Contract and shall have the same validity as the original.
16. **DEFINITION OF TERMS.** As used herein, (a) "maker" means each maker who signs this Finance Contract, jointly and severally; (b) "guarantor" means each guarantor who guarantees the payment of all or any portion of this Finance Contract; (c) "obligor" means each maker, guarantor, endorser, and surety of all or any portion of this Finance Contract; (d) this "Finance Contract" refers to this instrument and to the indebtedness evidenced by this instrument; (e) "Security Instrument" includes each and every pledge, assignment, security agreement, guaranty, mortgage, deed to secure debt, deed of trust, hypothecation, or other security instrument or arrangement given to secure repayment of all or any portion of this Finance Contract or performance under any of the Finance Documents, whether now existing or hereafter arising; (f) "Collateral"

means any collateral that secures repayment of this Finance Contract; (g) "Finance Documents" include all documents executed and delivered in connection with the transaction evidenced by this Finance Contract (including this Finance Contract, each Security Instrument, any commitment letters, any agreements and all application documents), whether now existing or hereafter arising; and (h) "Lender" means First-Citizens Bank & Trust Company (or "First Citizens Bank") and its successors and assigns. The terms "Finance Contract," "Security Instrument," and "Finance Documents" include all amendments, modifications, extensions and renewals thereof. If the terms of any of the Finance Documents conflict with the terms of this Finance Contract, the terms of this Finance Contract shall control.

SECURITY AGREEMENT

All the terms and conditions of this Security Agreement are incorporated into and made a part of this Finance Contract. Maker and Lender agree as follows:

1. DEFINITIONS.

- a) Collateral. For purposes of this Security Agreement, the "Collateral" consists of the following personal property of maker, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, together with any and all additions, attachments, accessories and accessions thereto and replacements thereof, any after-acquired similar properties, all supporting obligations relating thereto, and the proceeds and products thereof, including insurance proceeds: Accent XL System 110V, with Bipolar & Unipolar HP, per Alma Lasers invoice #80001543 dated 9/26/07, with all additions, accessories, accessions thereto, and replacements thereof

The following information must be provided only if the Collateral includes goods that are or are to become fixtures:

The real property to which the Collateral is related is located in the State of _____, County of _____, City of _____, Township of _____, and is more particularly described or identified as follows:

The record owner(s) of the foregoing real property is/are:

- b) Collection Expenses. The term "Collection Expenses" means (i) costs reasonably incurred by Lender to trace, locate, recover, repossess, transport, hold, store, insure, appraise, and assess (including environmental assessments) Collateral and prepare Collateral for sale; (ii) costs reasonably incurred by Lender to sell, lease or otherwise dispose of Collateral; (iii) the cost of any bonds Lender is required to post; (iv) court costs; and (v) to the extent permitted by applicable law, Lender's reasonable attorneys' fees actually incurred for the purpose of enforcing Lender's rights under this Security Agreement.
- c) Lien. The term "Lien" means any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of setoff, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.
- d) Obligations. "Obligation" refers individually to each of the following, and "Obligations" refers collectively to all of the following:
 - 1) The Finance Contract set forth above, payable to the order of Lender, and any renewals, extensions or modifications thereof;
 - 2) All liabilities of maker to Lender under this Security Agreement;
 - 3) All "Collection Expenses" (as defined in this Security Agreement); and

- 4) The repayment of any amounts that Lender advances or spends for the maintenance or preservation of the Collateral or for the benefit of maker.
- e) Permitted Liens. The term "Permitted Liens" means (i) Liens held by Lender, (ii) Liens for taxes not delinquent or for taxes being diligently contested in good faith by maker by appropriate proceedings (provided neither the Lien nor the proceeding impairs any of the Collateral or Lender's rights or remedies with respect thereto), and (iii) Liens specifically consented to in writing by Lender.
- f) UCC. The term "UCC" means the Uniform Commercial Code as amended from time to time. Any term defined in the UCC and not defined in this Security Agreement has the meaning given to that term in the UCC in effect on the date of this Security Agreement.

2. **MAKER'S NAME AND LOCATION.** Maker warrants and represents that:

- a) Maker's exact legal name is as set forth in the first paragraph of this Security Agreement.
- b) Maker is:
 - an individual. Maker's principal residence is located in the State of _____.
 - a corporation incorporated under the laws of the State of North Carolina.
 - a limited liability company (LLC) organized under the laws of the State of _____.
 - a partnership whose chief executive office is located in the State of _____.
 - a limited partnership organized under the laws of the State of _____.
 - Other - Specify: _____
maker's chief executive office is located in the State of _____.

3. **LOCATION OF COLLATERAL THAT CONSISTS OF GOODS.** Maker warrants and represents that:

- a) Collateral that consists of vehicles or other titled property will be titled solely in the State of _____. Maker will not take or permit any action that would require application for a certificate of title in any state other than _____ without Lender's prior written consent.
- b) Collateral that consists of vehicles will be garaged principally at the following location:

Maker will not change the place where any vehicle is principally garaged without Lender's prior written consent.
- c) All Collateral consisting of goods other than vehicles will be kept at the following location or locations:
307 Pisgah Church Rd Ste 2E
Greensboro, NC 27455

Maker will not remove the Collateral from that location or those locations without Lender's prior written consent.

- 4. **GRANT OF SECURITY INTEREST.** Maker hereby grants a continuing security interest in the Collateral to Lender to secure the payment or performance of the Obligations.
- 5. **PERFECTION OF SECURITY INTEREST.**
 - a) Maker authorizes Lender to file financing statements describing the Collateral and any agricultural liens or other statutory liens held by Lender.

- b) Maker will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.
- c) Whenever required by Lender, maker will promptly deliver to Lender, with all endorsements and/or assignments required by Lender, all instruments, chattel paper, guaranties, and the like received by maker constituting, evidencing, or relating to any of the Collateral or proceeds of any of the Collateral.
- d) Where Collateral is in the possession of a third party, maker will join with Lender in notifying the third party of Lender's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Lender.
- e) Maker agrees to sign and deliver any additional documents and to take any further actions reasonably requested by Lender to evidence or perfect the security interest granted herein, to maintain the first priority of the security interest, or to effectuate the rights granted to Lender in this Security Agreement.

6. **RIGHTS CONCERNING THE COLLATERAL.**

- a) Until an event of default occurs, maker may have possession of Collateral consisting of tangible personal property and the beneficial use of all of the Collateral. Maker may use the Collateral in any lawful manner not inconsistent with this Security Agreement. However, Maker's right to possession and beneficial use will not apply to any Collateral to the extent Lender is required by law or chooses to perfect its security interest in such Collateral by possession.
- b) Either party to this Security Agreement may inspect any Collateral in the other party's possession at any time upon reasonable notice.
- c) The Collateral will remain personal property at all times. Except to the extent the Collateral specifically includes goods that are or are to become fixtures, maker will not affix any of the Collateral to any real property in any manner that would change its nature from that of personal property to real property or to a fixture without Lender's prior written consent.
- d) If Lender at any time has possession of any Collateral, whether before or after an event of default, Lender will be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as maker requests or as Lender, in Lender's sole discretion, deems appropriate under the circumstances, but failure to honor any request by maker will not of itself be deemed to be a failure to exercise reasonable care.
- e) Maker has the risk of loss of the Collateral.
- f) Lender has no duty to (i) collect any income accruing on the Collateral, (ii) enforce or preserve any rights relating to the Collateral, or (iii) preserve rights against account debtors or other parties that have a prior interest in the Collateral.

7. **MAKER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.** Maker warrants, represents and covenants as follows:

- a) Maker has rights in and the power to transfer the Collateral. The Collateral is free and clear of all Liens, except for Permitted Liens. No financing statement covering any of the Collateral is on file in any public office other than those that reflect the security interest created by this Security Agreement or to which Lender has specifically consented. Maker will defend Lender's rights in the Collateral against the claims and demands of all other persons.
- b) Maker will take such actions and execute and deliver to Lender such documentation as Lender may reasonably request to provide Lender with a properly perfected and continuing first lien security interest in the entire Collateral. Maker will pay the cost of filing any financing statements that Lender deems necessary or desirable.
- c) Maker will, whenever requested, advise Lender of the exact location of all Collateral.
- d) Except for inventory sold and accounts collected in the ordinary course of maker's business, maker will not do any of the following without first obtaining Lender's written consent: (i) sell, offer to sell, lease, convey, or otherwise transfer or dispose of any of the Collateral or any interest therein, (ii) license any of the Collateral or any interest therein to any third party or parties, or (iii) grant any other security interest in any of the Collateral.

- e) Maker will not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any Lien, other than Permitted Liens, without Lender's prior written consent. This includes security interests, even if junior-in-right to the security interest granted under this Security Agreement.
- f) Maker will keep the Collateral in good order and repair, ordinary wear and tear excepted, and will not waste or destroy, or permit the waste or destruction of, the Collateral or any part thereof. Maker will not use the Collateral in violation of any statute, regulation or ordinance. Maker will promptly pay when due all taxes and assessments upon the Collateral arising from its use, operation, or ownership.
- g) Maker will notify Lender in writing prior to the occurrence of any of the following events:
 - (1) A change in maker's name or maker's assumed business name(s);
 - (2) A change in maker's principal residence (if maker is an individual), state of organization (if maker is a registered organization), or state where maker's chief executive office is located (if maker is any other type of organization);
 - (3) Maker converts to a different type of entity;
 - (4) Maker's legal existence is suspended or terminated;
 - (5) Maker merges or consolidates with or into any other entity; or
 - (6) Maker sells all or substantially all of its assets.

8. INSURANCE.

- a) Maker will procure and maintain comprehensive casualty insurance covering all risks, including (but not limited to) fire (including so-called extended coverage), theft and liability coverage, together with such other insurance as Lender may reasonably require with respect to the Collateral. If the Collateral is or includes one or more motor vehicles, the insurance coverage to be procured and maintained by maker will include collision insurance. Maker may obtain such insurance from any duly licensed company or companies. However, all policies must be in such form, contain such terms, be for such periods of time, provide for such deductibles, and be in such amounts as Lender may reasonably require, subject to any limitations imposed by applicable law. Insurance will be payable to Lender and maker as their respective interests may appear. Each policy will include a stipulation that coverage will not be cancelled or diminished without at least ten days' prior written notice to Lender, and no policy may include any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy will also include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of maker or any other person. Maker will furnish Lender certificates or other evidence satisfactory to Lender of compliance with these requirements.
- b) Maker will promptly notify Lender of any loss or damage to the Collateral. Lender may make proof of loss if Maker fails to do so within fifteen days of the casualty. Maker hereby assigns to Lender the proceeds of all such insurance to the extent of any balance due on the Obligations. Maker authorizes and directs each insurer to make payments directly to Lender. Maker hereby designates Lender as maker's attorney-in-fact. This appointment will be deemed a power coupled with an interest, will not be terminable as long as any of the Obligations are outstanding, and will not terminate on the disability or incompetence of maker. This power of attorney gives Lender the right (but not the obligation) to file proof of loss and/or any other claim forms required to collect from any insurer any amount due from loss, damage or destruction of any of the Collateral, to agree to and bind maker as to the amount of said recovery, to designate payees of such recovery, to grant releases to payors-insurers for their liability, to grant subrogation rights to any such payor-insurer, and to endorse any settlement check or draft. Other than filing proof of loss and claim forms, maker agrees not to exercise any of the foregoing powers granted to Lender without Lender's written consent. If the cost of any such insurance is financed as part of any Obligation secured by this Security Agreement, maker hereby assigns to Lender any premium refund.
- c) Net insurance proceeds may be applied, at Lender's option, either toward replacing or restoring the Collateral, in a manner and on terms satisfactory to Lender, or as a credit against such of the Obligations, whether matured or unmatured, as Lender may determine in its sole discretion. If Lender allows the proceeds to be used to replace or restore Collateral, then such net proceeds will be deposited in a segregated account under Lender's exclusive control

and may be disbursed therefrom by Lender in such manner and at such times as Lender deems appropriate to complete such replacement or restoration.

9. RIGHTS OF LENDER TO PROTECT ITS INTEREST IN COLLATERAL.

- a) At its option, Lender may (but will not be required to) discharge Liens levied or placed on the Collateral at any time and pay for the maintenance, repair, upkeep and preservation of the Collateral.
- b) If maker fails to maintain insurance on the Collateral as required by this Security Agreement, Lender may (but will not be obligated to) obtain and pay for such insurance or any other insurance that Lender deems appropriate to protect the interest of Lender and/or maker in the Collateral, including, if Lender so chooses, "single interest insurance" or "collateral protection insurance" that covers only Lender's interest in the Collateral.
- c) Any sums expended by Lender under this Security Agreement may be added to the Obligations secured by this Security Agreement and, unless otherwise provided by law, will, at Lender's option (i) be payable on demand; or (ii) be added to the balance of any specific Obligation then outstanding and bear interest and be payable as part of that Obligation.
- d) Lender's rights and remedies under this Security Agreement, including the right to declare the existence of a default, will not be affected by any expenditures made by Lender under this section.

10. EVENTS OF DEFAULT. Whenever used in this Security Agreement, the term "event of default" means any one or more of the following events:

- a) The occurrence of any default or event of default in the performance or payment of any one or more of the Obligations or any related security instrument that is not cured within any applicable cure period following the giving of any required notice;
- b) The failure by maker to comply fully with any covenant, condition or agreement contained in this Security Agreement;
- c) Maker's breach of any representation, warranty or covenant contained in this Security Agreement;
- d) Any warranty, representation or statement made or furnished to Lender by or on behalf of maker proves to have been false in any material respect when made or furnished;
- e) Loss, theft, substantial damage or destruction of or to any of the Collateral that is not fully covered by insurance;
- f) The sale, lease, conveyance or transfer of any of the Collateral without Lender's prior written consent, other than the sale of inventory and the collection of accounts in the ordinary course of maker's business;
- g) Maker's dissolution, business failure, liquidation, or termination of existence;
- h) Maker's corporate or legal existence is terminated or suspended, or maker fails to maintain its corporate or legal existence in good standing;
- i) Any voluntary or involuntary bankruptcy, reorganization, insolvency, receivership or other similar proceeding is commenced by or against any maker under any federal or state law, or any maker becomes insolvent, makes any assignment for the benefit of creditors, or conveys substantially all of its assets;
- j) The issuance of any writ of garnishment, attachment, levy, or forfeiture order for or against any of the Collateral;
- k) The filing of any tax lien or judgment against any maker that is not satisfied, released or discharged within 30 days of entry; and
- l) The occurrence of anything that Lender in good faith believes endangers the Collateral or maker's ability to perform its obligations under this Security Agreement.

11. REMEDIES UPON DEFAULT. If an event of default occurs, Lender will have the rights and remedies specified in this section. Lender will give such notice of default and opportunity to cure as may be required by the secured Obligations and

applicable law before exercising its rights and remedies. All of Lender's rights and remedies are cumulative and may be enforced alternatively, successively, or concurrently.

- a) Lender may, at its option, declare all or any portion of the Obligations to be immediately due and payable in full without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived.
 - b) Lender will have all of the rights and remedies of a secured party under the UCC. In addition, Lender will have all of the rights and remedies available to a secured creditor at law, in equity, or otherwise.
 - c) At Lender's request, maker will assemble the Collateral and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both the maker and the Lender. Maker grants to Lender the right, for this purpose, to enter into or on any premises where Collateral may be located and remove the Collateral from the premises.
 - d) No delay or omission by Lender to exercise any right or remedy following an event of default will (i) impair any right or remedy, (ii) waive any default or operate as an acquiescence to the event of default, or (iii) affect any subsequent default of the same or of a different nature.
 - e) In any sale, lease, license or other disposition of Collateral by Lender:
 - (1) Lender has no obligation to clean up or otherwise process or prepare Collateral for sale, lease, licensing or other disposition.
 - (2) Lender may sell, lease, license or otherwise dispose of Collateral without giving any warranty as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale, lease or other disposition of the Collateral.
 - (3) If Lender sells any of the Collateral upon credit, maker will be credited only with payments actually made by the purchaser, received by the Lender and applied to the Obligations. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and maker will be credited with the proceeds of the sale.
 - (4) If the Lender purchases any of the Collateral being sold, Lender may pay for the Collateral by crediting some or all of the Obligations.
 - f) Any UCC requirement for Lender to give reasonable notification will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the event in question. For example, the requirement for reasonable notification of the time and place of any public sale of Collateral will be deemed satisfied and the notice deemed commercially reasonable if such notice is given at least ten days before the date of the sale.
 - g) Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them. Lender may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Lender's rights and remedies against maker. Maker waives any right maker may have to require Lender to pursue any third person for any of the Obligations.
12. **DEFAULT COSTS.** If an event of default occurs, maker will pay Lender all costs reasonably incurred by Lender for the purpose of enforcing its rights under this Security Agreement, including, but not limited to, Collection Expenses.
13. **RIGHT OF SETOFF.** Lender has the right of setoff provided by law and/or as provided by any deposit account agreement or other agreement maker has or may hereafter have with Lender. Lender may exercise its right of setoff against all deposits, monies, securities and other property of maker now or hereafter in Lender's possession or on deposit with Lender, whether held in general or special accounts or deposits, whether held alone or jointly with others, and whether held for safekeeping or otherwise. However, Lender may not exercise a right of setoff against IRA, Keogh, agency, fiduciary or trust accounts. Lender may exercise its right of setoff without demand upon or notice to maker or anyone else.
14. **MAKER'S WAIVERS.** Neither Lender's security interest in the Collateral nor maker's liability under this Security Agreement will be released or diminished as a result of any extension, renewal or modification of any of the Obligations. Nothing will discharge or satisfy maker's Obligations under this Security Agreement except the full and final performance and payment of all Obligations, without deduction by reason of setoff, defense or counterclaim. Maker waives any right to require Lender to marshal any assets or obligations.

FILED

15. MISCELLANEOUS.

- a) If there is more than one maker, their obligations under this Security Agreement are joint and several. Each provision of this Security Agreement applies to each and all makers.
- b) This Security Agreement is binding upon each maker and all other persons who assume the obligations of maker or otherwise become bound under this Security Agreement, and their respective heirs, legatees, executors, administrators, successors and assigns. This Security Agreement inures to the benefit of Lender and its successors and assigns. Lender may assign its rights and interest under this Security Agreement. If an assignment is made, maker will render performance under this Security Agreement to the assignee. Maker waives and will not assert against any assignee any claims, defenses or setoffs that maker could assert against Lender, other than defenses that cannot be waived. Lender does not consent to any assignments by maker, except as expressly provided in this Security Agreement.
- c) If any provision of this document is found to be void, invalid or unenforceable by a court or panel of arbitration of competent jurisdiction, that finding will only affect the provision found to be void, invalid or unenforceable and will not affect the remaining provisions of this document.
- d) Any notice required by this Security Agreement will be deemed to be delivered when a record has been (i) deposited in any United States postal box if postage is prepaid and the notice is properly addressed to the intended recipient (or, if maker is the intended recipient, to maker's address for notification purposes as stated at the beginning of this Security Agreement or to maker's most recent address as appears in Lender's records), (ii) received by telecopy, or (iii) personally delivered. Notice delivered to any one maker will be deemed delivery to each maker.
- e) Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and will not be used in construing it.
- f) This Security Agreement is being executed and delivered and is intended to be performed in the State of North Carolina. This Security Agreement will be construed and enforced in accordance with the laws of the State of North Carolina, except to the extent that the UCC provides for the application of a law of a different state.
- g) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.

16. OTHER PROVISIONS.

IN WITNESS WHEREOF, each individual signing this instrument has hereunto set his or her hand, and each other entity has caused this instrument to be executed in its name by a person or persons duly authorized, all by authority duly given and all as of the date of this instrument.

BUSINESS ENTITY MAKER:

Advanced Medical Equipment Distribution Co.

Name of Entity

By: [Signature]

Name: Brandon J. Messenheimer

Title: President / CEO

INDIVIDUAL MAKER(S):

Name: _____

Name: _____

Name: _____

ACCEPTED:
FIRST-CITIZENS BANK & TRUST COMPANY

FILM

By: *[Signature]*

Title: VICE PRESIDENT

Associate #: 33761

NBMAIN\622219\2

04/08/2014 22:59 FAX 18886651302

001/002

Alma Lasers™

485 Half Day Road # 100
Buffalo Grove IL 60089
USA

Tel: (224) 377-2000
Fax: (224) 377-2050

INVOICE

INVOICE NO.
80001543

INV. DATE
09/26/07

PAGE NO.
1

SOLD TO

Customer Code: C1000771

Advanced MedCorp
415 Pisgah Church Rd.
Suite 348
Greensboro NC 27455
USA

SHIP TO

Customer Code: C1000771

Advanced MedCorp
415 Pisgah Church Rd.
Suite 348
Greensboro NC 27455
USA

Packing List	Customer PO	Payment Terms	Freight Terms
60003586		Due Upon Delivery	FOB Destination (Domestic)
SALESPERSON	SHIP VIA	DATE SHIPPED	TRACKING #
	Love Express 3-5 day		800848

Quantity	ITEM NO.	DESCRIPTION	EXTENSION
1.000	AAAP21090801	Accent XL System 110V	
1.000	AARF19060600	Accent XL Bipolar HP	
1.000	AARF19060500	Accent XL Unipolar HP	
1.000	Training Allowance	Training or Tuition Allowance	
1.000	Shipping and Handling	Shipping and Handling	

Remarks:

SUBTOTAL	USD 80,950.00
Sales Tax	
Total Invoice Amount	USD 80,950.00
Payment/Credit Applied	0.00
TOTAL	USD 80,950.00



**First Citizens
Bank**

**EQUIPMENT LEASE
(MASTER)**



Lease No. 22613

THIS EQUIPMENT LEASE ("Lease") is made and entered into as of July 17, 2008, by and between Lessor and Lessee (hereafter identified):

LESSOR: First-Citizens Bank & Trust Company
Leasing Department
16 E Rowan Street
Raleigh, NC 27609-5750
Attention: Commercial Leasing Department

Mailing Address:
P.O. Box 29519
Raleigh, N.C. 27626-0519

LESSEE: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO
415 PISGAH CHURCH RD STE 348
GREENSBORO, NC 27455

WITNESSETH

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the Equipment (hereinafter defined) pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and other good and valuable considerations, the parties hereto mutually do agree as follows:

SECTION 1. DEFINITIONS

The following definitions apply for purposes of this lease and related documents:

1.1 Schedule of Leased Equipment. The document(s) now or hereafter from time to time attached hereto and/or referencing this lease and signed by Lessor and Lessee and which describes the Equipment to be leased by Lessor to Lessee, the location of the Equipment, the lease term for the Equipment listed thereon, Lessee's obligations with respect to payment and such other matters as Lessor and Lessee may agree to with respect to the Equipment described therein. All the terms and conditions of each such Schedule of Leased Equipment are incorporated herein by reference.

1.2 Equipment. The equipment and other goods described on each Schedule of Leased Equipment.

1.3 Commencement Date of each schedule of Leased Equipment. The earlier of: (a) the date Lessor pays the purchase price for the Equipment to the manufacturer or supplier; or (b) the date the Equipment is delivered to Lessee.

SECTION 2. LEASE

Lessor hereby rents and leases to Lessee, and Lessee hereby rents and leases from Lessor, the Equipment listed on any Schedule of Leased Equipment now or hereafter from time to time attached hereto and/or which refers to this lease.

SECTION 3. TERM

The lease term for each Schedule of Leased Equipment shall commence on the Commencement Date and shall terminate at the expiration of the period set forth in such Schedule of Leased Equipment unless earlier terminated as provided herein.

SECTION 4. RENTAL PAYMENTS AND SECURITY DEPOSIT

4.1 Amount and Times of Payment. As rental for the Equipment, Lessee hereby agrees to pay, in U.S. Dollars, to Lessor the amounts specified in each Schedule of Leased Equipment at the times and in the manner set forth therein. If partial shipments of Equipment are authorized, each shipment will be covered by a separate Schedule of Leased Equipment and rental payments for each such shipment will commence when due without regard to other scheduled deliveries.

4.2 Place of Payments. All payments required to be made to Lessor hereunder shall be made at Lessor's address as identified above or as may be otherwise directed by Lessor or its assignee.

4.3 Application of Payments. Any payment received from or on behalf of Lessee may be applied by Lessor at any time against any obligation due and owing by Lessee under this lease or any Schedule of Leased Equipment hereto, in Lessor's sole discretion, notwithstanding any statement appearing on or referred to in any remittance from Lessee or any prior application of such payment. In the event any bankruptcy proceedings are instituted by or against Lessee within ninety (90) days after receipt by Lessor of any such payment, such payment shall be deemed applicable to unpaid obligations then due hereunder in the inverse order of maturity.

4.4 Rental Statements. Lessor, in its discretion, may render to Lessee a statement of the rent payable for each rental period (except for the first rental period) and Lessee shall, upon receipt thereof, make payment of the total amount shown. Failure to render such statement, however, shall not relieve or excuse Lessee's obligation to pay rent hereunder.

4.5 Late Charges. If Lessee fails to pay any part of the rent or any other sum required to be paid Lessor within fifteen (15) calendar days after the due date thereof, Lessee shall pay a late payment charge equal to four percent (4%) of the delinquent payment, or at such lower rate as may be permitted by applicable law.

4.6 Abatement of Payments. There shall be no abatement or reduction of payments by Lessee for any reason, including but not limited to, any defense, recoupment, set-off, counterclaim, or any claim arising out of or related to any real or alleged defects, damages, malfunctions, breakdowns or infirmities of the Equipment. Lessee assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever and agrees that the rental payments shall be made in all events unless the obligation to pay is terminated as otherwise provided herein.

4.7 Security Deposit. Lessee shall deposit with Lessor, as security for Lessee's performance under this lease, the security deposit specified in each Schedule of Leased Equipment. Lessor may use, apply or retain the whole or part of the security deposit to the extent required for the payment of any rent or other sum as to which Lessee is in default or for any sum which Lessor may expend or may be required to expend (including reasonable attorneys' fees) by reason of Lessee's default in respect of any of the terms of this lease. If any portion of the security deposit is used or applied by Lessor, Lessee shall pay to Lessor upon demand an amount equal to such expenditure or application thereof, it being the intent of the parties that Lessor shall hold as security the full amount of the security deposit during the term of this lease. The security deposit shall be returned to Lessee, without interest, upon the expiration of this lease provided Lessee has performed all the terms and conditions of this lease.

SECTION 5. EQUIPMENT

5.1 Ownership. Lessor is the sole owner of the Equipment and title to the Equipment and any all alterations, additions, repairs, replacements or modifications thereto shall be and remain in the name of Lessor. If requested by Lessor, Lessee shall conspicuously mark the Equipment with appropriate lettering, labels or tags, and maintain such markings during the term of this lease, so as to clearly disclose that title to the Equipment is in Lessor. This agreement shall constitute a lease and not a sale of the Equipment; and Lessee shall acquire no ownership, title, property, right, or interest (or any option therefor other than may be expressly provided in the Schedule(s) of Leased Equipment) in the Equipment other than its leasehold interest solely as Lessee subject to all the terms and conditions hereof.

5.2 Personal Property. The Equipment is, and shall at all times be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to, or imbedded in, or permanently resting upon, real property or any building thereon or any fixtures, or attached in any manner to what is permanent by any means of cement, plaster, nails, bolts, screws or otherwise Upon request of Lessor, Lessee shall obtain, as to any place where the Equipment is located, a waiver from the landlord and mortgagee thereof with respect to any rights they may have in and to the Equipment or the rights of levy or distraint thereon.

5.3 Liens. Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to the Equipment or any interest therein. Lessee shall promptly, at its own expense take such action as may be necessary to duly discharge any such mortgage, pledge, lien, security interest, charge, encumbrance or claim if the same shall arise at anytime.

5.4 Lessee's Inspection and Acceptance. Immediately upon the Equipment being delivered to Lessee, Lessee shall inspect the Equipment, and, if the Equipment is found to be the type and quantity of Equipment described in the Schedule of Leased Equipment. Lessee shall execute and deliver to Lessor an acceptance certificate in a form satisfactory to Lessor unless Lessee gives Lessor written notice that the Equipment is not of the type or quantity described in the Schedule of Leased Equipment before the earlier of: (a) two business days after the Equipment is received; (b) execution and delivery to Lessor of the acceptance certificate; or (c) the making of the first rental payment, it shall be conclusively presumed, as between Lessor and Lessee, that Lessee has fully inspected and acknowledged that the Equipment is of the type and quantity described in the Schedule of Leased Equipment and that Lessee is satisfied with and has accepted the Equipment.

5.5 Alterations. Without the prior written consent of Lessor, Lessee shall not make any alterations, additions modifications or attachments to the Equipment. All additions and improvement of whatsoever kind or nature made to the Equipment shall belong to and become the property of Lessor upon the expiration or earlier termination of the lease.

5.6 Inspection by Lessor. Lessor shall have the right at any time and from time to time to enter into and upon the premises where the Equipment is located to inspect the Equipment and observe its use during normal business hours.

SECTION 6. RESPONSIBILITIES OF LESSEE

6.1 Care and use. Lessee shall use the Equipment in a careful and proper manner, in compliance with all applicable laws and regulations and in conformity with the manufacturers specifications and manuals, and at its sole cost and expense, service, repair and maintain the Equipment so as to keep the Equipment in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted, and shall replace any part or parts of Equipment as may from time to time become worn out, lost, stolen, destroyed, damaged or unfit for use. All such replacement parts, mechanisms and devices shall be free and clear of all liens, encumbrances and rights of others, shall become the property of Lessor and shall be come subject to the terms and conditions of this lease. At the request of Lessor, Lessee shall enter into or cause to be entered into, and maintained in full force and effect during the term of this lease, at Lessee's sole expense, maintenance contracts satisfactory to Lessor covering the Equipment and shall comply with all its obligations thereunder; and Lessee shall furnish evidence to Lessor of such signed maintenance agreement. Lessee shall not remove the Equipment, or any part thereof from the location specified in the Schedule of Leased Equipment without Lessor's prior written consent.

6.2 Utilities and Operating Expenses. Lessee shall pay all charges for gas, water, steam, electricity, light, heat, telephone and other utility service furnished to or used on or in connection with the Equipment during the lease term. There shall be no abatement of rental on account of interruption of any such services.

6.3 Taxes. Lessee agrees to pay when due all taxes imposed on and relating to the Equipment and Lessee's obligations hereunder, but not limited to, all filing or registration fees, gross receipts tax, sales and use tax, license tax, license fees, documentary stamp taxes, rental taxes, assessments, charges, ad valorem taxes, excise taxes, and all other taxes, licenses and charges imposed on the ownership, possession, rental, delivery, transportation or use of the Equipment, together with any interest and penalties, other than taxes on or measured by the net income of Lessor. Upon the expiration or earlier termination of this lease, Lessee shall pay to Lessor any taxes assessed but not yet due and payable.

6.4 Insurance. Lessee shall maintain at its sole cost and expense insurance on all of the Equipment covering such risk (including liability and physical damage) and in such amounts and with such insurance companies as shall be satisfactory to Lessor. All such insurance shall provide that all proceeds shall be payable to Lessor, and Lessor shall be named as an insured with respect to all such insurance. Lessee shall pay all the premiums therefor and deliver to Lessor the policies of insurance or duplicates thereof or other evidence satisfactory to Lessor of such insurance coverage. Each insurer shall agree by endorsement upon the policy or policies issued by it that: (a) it will give thirty (30) days prior written notice to Lessor of the cancellation or material modification of such policy; and (b) the coverage of Lessor shall not be terminated, reduced or affected in any manner regardless of any breach or violation by Lessee of any warranties, declarations and conditions of such insurance policy or policies. The proceeds of such insurance, at the option of Lessor, shall be applied (a) toward the replacement, restoration or repair of the Equipment, or (b) toward payment of the obligations of Lessee hereunder. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment under any such insurance policies.

6.5 Delivery and Installation Charges; Delivery Receipt. Lessee shall be responsible for all charges relating to the delivery of the Equipment to Lessee's location and the installation at such location. Lessor may at its option either: (a) prepay such charges and invoice Lessee and Lessee shall remit payment to Lessor within ten (10) days; (b) forward invoices to Lessee as they are received and Lessee shall remit payment within ten (10) days; or (c) prepay such charges and add the full amount thereof to the rental payments otherwise due and payable by Lessee hereunder. Upon receipt of the Equipment, Lessee shall furnish Lessor with a delivery receipt in a form satisfactory to Lessor.

6.6 Risk of Loss. Lessee hereby assumes and shall bear the entire risk of loss, theft, destruction, and damage to the Equipment from any and every cause or casualty whatsoever Lessee shall assume and bear such risks commencing on the Commencement Date, including all risks of delivery. No loss, theft, destruction or damage to the Equipment or any part thereof shall relieve Lessee from its obligations to pay rent or perform any other of its obligations under this lease, which shall continue in full force and effect. In the event of any such loss, theft, destruction or damage to the Equipment, Lessee shall at the option of Lessor: (a) continue to make the rental payments due hereunder and repair or replace (with clear title thereto in Lessor) the Equipment in good repair, condition and working order, or (b) purchase the Equipment by paying Lessor in cash an amount equal to the book value, as reflected on Lessor's records, of the Equipment on the date of such loss, theft, destruction or damage. Upon such purchase, this lease shall terminate with respect to such item of Equipment and Lessee thereupon shall become entitled to such item of Equipment **AS IS AND WHERE IS WITHOUT WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER WHATSOEVER.**

6.7 Payment of Fines. Lessee shall pay when due any fines imposed in connection with the Equipment or the use thereof plus a service or handling fee to Lessor of Ten Dollars (\$10.00) per fine for any and all payments of fines prepaid on Lessee's behalf by Lessor, plus all attorney fees and expenses of Lessor incurred in connection with the foregoing.

6.8 Performance by Lessor of Lessee's Responsibilities. Any performance required of Lessee or any payments required to be made by Lessee, if not timely performed or paid, may be performed or paid by Lessor, and in such event Lessor shall be immediately reimbursed by Lessee for such payments and for any costs and expenses, including attorney fees and court costs, associated with the payments or other performance by Lessor, with interest thereon at the rate of twelve percent per annum.

6.9 Return of Equipment. Upon the expiration or earlier termination of this lease as herein provided, Lessee shall return the Equipment at its sole expense to Lessor at a place designated by Lessor in the same condition as originally received, ordinary wear and tear excepted, and in a condition which will permit the Lessor to be eligible for a standard maintenance contract without incurring any expense to repair or rehabilitate the Equipment. If Lessee retains possession of the Equipment during any period after the expiration or earlier termination of this lease, Lessee shall be deemed to be holding over on a month-to-month basis, and all terms hereof shall remain in full force and effect, including the payment by Lessee of rent.

6.10 Financial Statements. During the term of the lease and any renewals or hold over periods, Lessee shall furnish Lessor with such information, financial or otherwise, relating to Lessee or the Equipment as Lessor shall request and in the form requested by Lessor.

SECTION 7. WARRANTIES AND REPRESENTATIONS

Lessee warrants and represents to Lessor (all such warranties and representations being continuing) that:

(a) If Lessee is a corporation, it is duly organized, existing and in good standing under the laws of the state of its incorporation and is duly qualified as a foreign corporation authorized to transact business in and is in good standing under the laws of each other state in which the Equipment is to be located; the leasing of the Equipment from Lessor by Lessee, the execution and delivery of this lease, all schedules to be executed pursuant hereto, and all related instruments and documents, and compliance by Lessee with the terms hereof (i) have been duly and legally authorized by appropriate corporate action taken by Lessee and (ii) are not in contravention of,

(b) This lease, the schedules, and all related instruments and documents, when executed by Lessee and delivered to Lessor, will constitute valid and legally binding obligations of Lessee, enforceable against Lessee in accordance with the terms thereof.

(c) The right title and interest of Lessor in and to the Equipment and Lessor's rights and remedies described in this lease and the schedules, and the rent therefrom will not be materially adversely affected or impaired by the terms of any loan agreement, indenture, contract, agreement or instrument to which Lessee is a party or under which it is bound. There are no suits pending or threatened against Lessee which, if decided adversely to Lessee, might materially adversely affect Lessee's financial

condition or impair the title of Lessor to the Equipment or impair Lessor's rights and remedies hereunder.

(d) The fair market value of Lessee's assets exceed its liabilities, Lessee meets its debts as they mature and Lessee will maintain such solvent conditions as long as this lease is in effect; its balance sheet, income statements and other financial statements or information which have been delivered to Lessor fairly and completely state Lessee's financial condition; there has been no material adverse change in the financial condition of Lessee as reflected in the statements since the date thereof; and the statements do not fail to disclose any facts which might materially adversely affect Lessee's financial condition.

SECTION 8. INDEMNIFICATION

Lessee hereby agrees to indemnify and hold Lessor, its shareholders, directors, officers, employees, affiliates and its assigns harmless from any and all liabilities, liens, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including attorneys' fees, imposed or incurred by or asserted against Lessor, its shareholders, directors, officers, employees, affiliates or its assigns, arising out of, connected with, or resulting directly or indirectly from the Equipment, including without limitation, the manufacture purchase, lease, possession, operation, condition (including all defects whether or not discoverable by either party hereto), delivery, selection, use or return of the Equipment, or by operation of law Lessee shall give Lessor or its assigns prompt written notice of any matter hereby indemnified against and agrees that upon notice by Lessors its assigns of the assertion of such claim, action, damage, obligation, liability or lien, Lessee shall assume full responsibility for the defense thereof. The provisions of this section shall survive the expiration or earlier termination of this lease.

SECTION 9. DISCLAIMER OF WARRANTIES

9.1 No Representations by Lessor. Lessee acknowledges and agrees that it has selected each item, type, quality, quantity and supplier of Equipment based upon its own judgment and disclaims any reliance upon any statements or representations made by Lessor, and agrees that the Equipment is of a design, size, quality and capacity required by Lessee and is suitable for its purposes.

9.2 LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT AND, AS TO LESSOR, LESSEE LEASES THE EQUIPMENT AS IS. LESSEE HEREBY WAIVES ANY CLAIM (INCLUDING ANY CLAIM BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT) IT MIGHT HAVE AGAINST LESSOR FOR ANY LOSS, DAMAGE (INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGE OR EXPENSE CAUSED BY THE EQUIPMENT).

9.3 Assignment of Manufacturer's Warranties. Notwithstanding the foregoing, Lessor hereby agrees to assign to Lessee, solely for the purpose of making any such claim, all of Lessor's rights, if any, against the manufacturer or supplier of the Equipment for breach of warranty or other representation respecting the Equipment to the extent the same are assignable and so long as Lessee is not in default. All warranty proceeds will be applied by Lessee to repair or replace the affected Equipment. Claims for unsatisfactory Equipment will only be made against the manufacturer.

SECTION 10. DEFAULT AND REMEDIES

10.1 Definition of Default. Lessee shall be deemed to be in default hereunder upon the happening of any of the following events of default:

(a) Lessee shall fail to pay any rent or other sum due hereunder when due or shall fail to perform or observe any term, condition or covenant of this lease or any schedule hereto or any other agreement now in existence or hereafter executed with Lessor.

(b) Any bankruptcy, insolvency, reorganization or similar proceeding or litigation shall be instituted by or against Lessee, or a receiver, custodian or similar offices shall be appointed for Lessee or any of its property;

(c) Any warranty, representation or statement made by Lessee is found to be incorrect or misleading in any material respect on the date made;

(d) An attachment, levy or execution is threatened or levied upon or against the Equipment;

(e) Lessee shall die, shall make an assignment for the benefit of creditors, shall cease doing business as a going concern, or become insolvent;

(f) Death or insolvency of any guarantor hereof or any other default under any guaranty agreement between any such guarantor and Lessor; or

(g) Lessee shall default under or otherwise have accelerated any material obligation, credit agreement, conditional sales contract or other lease.

10.2 Remedies on Default Upon the occurrence of any event of default, Lessor may exercise any one or more of the following remedies, as Lessor in its sole discretion may elect:

(a) Declare the entire amount of rent hereunder immediately due and payable as to any or all Schedules of Leased Equipment without notice or demand to Lessee;

(b) Proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this lease or to recover for the breach thereof including the payment of rental payments due or to become due hereunder or any deficiency therefor following disposition of the Equipment;

(c) Without notice or demand, enter and take possession of the Equipment wherever situated without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same and apply the proceeds (the present value of the rents payable under any new lease or sublease discounted at 9% per annum) of any such sale, lease, sublease, or other disposition, after deducting all costs and expenses, including court cost and reasonable attorneys' fees, incurred in connection with the recovery, repair, storage, release, sale and/or disposition of the Equipment toward the balance due under this lease. Any such taking of possession shall not constitute a termination of this lease as to any or all items of the Equipment unless Lessor expressly so notifies Lessee in writing;

(d) Terminate this lease as, to all or any part of the Equipment and use, operate, lease, sell or hold the Equipment as Lessor in its sole discretion may decide and credit the proceeds in the manner set forth in (c) above;

(e) Without notice or demand, set-off, appropriate and apply against any sums due hereunder any and all sums of money held by Lessor for Lessee (whether on deposit or otherwise) and any and all other goods, instruments, security and property of every nature held by Lessor for Lessee; and/or

(f) Pursue any other remedy available to Lessor at law or in equity.

10.3 Further Remedies. A termination hereunder shall occur only upon notice by Lessor to Lessee and only with respect to such part or parts of the Equipment as Lessor specifically elects to terminate in such notice. Except as to those parts of the Equipment with respect to which there is a termination, this lease shall remain in full force and effect and Lessee shall be and remain liable for the full performance of all its obligations under this lease. All remedies of Lessor are cumulative and may be exercised concurrently or separately. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy.

10.4 Lessor's Expenses. Lessee shall pay to Lessor upon demand all costs and expenses, including expenses of taking, repairing, storing, releasing or disposing of the Equipment in the event of default and reasonable attorneys' fees and court costs, incurred by Lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

10.5 Liquidated Damages. Any amount due to Lessor under Section 10.2(c) shall constitute liquidated damages for the breach hereof by Lessee and not a penalty. The parties hereby acknowledge the difficulty in ascertaining actual damages in the event of a default by Lessee.

10.6 Waiver. In the event Article 2A of the UCC is deemed to be applicable to this Lease, Lessee hereby irrevocably and knowingly waives any and all rights and remedies afforded by Sections 2A-508 and 2A-522 of the UCC, including but not limited to the right to: reject the Lease and Equipment; cancel the Lease; revoke acceptance of the Equipment; "cover" by making any purchase or lease of equipment in substitution for property due from Lessor; grant a security interest in the Equipment in its possession and control for any reason; recover damages under such sections for any breach of warranty and/or seek remedies of specific performance, replevin or the like for any Equipment. In addition, to the extent permitted by applicable law, Lessee also hereby waives any rights now or hereafter conferred by statute or otherwise which

SECTION 11. ASSIGNMENT

11.1 Assignment by Lessee. Lessee agrees not to sell, assign, lease sublease, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in this lease or the Equipment or to remove the Equipment from its place of installation or permit the Equipment to be used by anyone other than Lessee without Lessor's prior written consent. Lessee's interest herein may not be assigned or transferred by operation of law. Consent by Lessor to any one of the foregoing prohibited acts applies only in the given instance and shall not be consent to any subsequent like acts by Lessee or any other person.

11.2 Assignment by Lessor. Lessor may, at any time and from time to time, sell transfer and/or assign all or any part of its interest in the Equipment and/or this lease, including without limitation, Lessor's rights to receive the rental payments and any additional payments due and to become due hereunder. After giving notice of such assignment to Lessee, Lessee shall thereafter make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing, but such acknowledgment shall not be required to make the assignment effective.

SECTION 12. MISCELLANEOUS.

12.1 Waiver. No covenant or condition of this lease can be waived except by the written consent of Lessor. Any failure of Lessor to require strict performance by Lessee or any waiver by Lessor of any terms or conditions herein shall not be construed as a waiver of any other breach of the same or of any other term or condition herein.

12.2 Joint and Several Liability. If there is more than one Lessee, the obligations of each are joint and several.

12.3 Severability. In the event any portion of this lease shall be determined to be invalid under any applicable law, such provision shall be deemed void and the remainder of this lease shall continue in full force and effect.

12.4 Governing law. Except as otherwise required by applicable law, this Lease shall be construed, interpreted and enforced in accordance with the laws of the State designated at the beginning of this Lease under the Lessor's name (the "State"). If no State is designated, then "State" means the state where this Lease was executed by the Lessor.

12.5 Notice. All notices made or required to be given by Lessee pursuant to this lease shall be in writing and shall be mailed, certified or registered mail, postage prepaid, return receipt requested, to Lessor at its address set forth above or at such other address as Lessor shall hereafter designate in writing. Lessor may give Lessee notice by personal delivery, regular United States mail or by private mail or courier service.

12.6 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

12.7 Entire Agreement. This lease, together with the schedule or schedules hereto, constitutes the entire agreement between the parties and this lease shall not be amended except by written agreement signed by Lessor and Lessee.

12.8 Binding Effect. Subject to the specific provisions of this lease, this lease shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

12.9 Additional Documents. If Lessor shall request, Lessee shall execute and deliver to Lessor such documents, including UCC financing statements, as Lessor from time to time shall deem necessary or desirable for purposes of recording or filing to protect the interest of Lessor in the Equipment. Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact to execute and file such documents in Lessee's behalf. Lessee shall pay the fees and Lessor's out-of-pocket expenses for any such recording or filing and shall pay any stamp or documentary taxes assessed upon the lease.

12.10 Time. Time is of the essence of this lease and of each and all of its schedules and provisions.

12.11 Waiver. In the event that this Lease is deemed to create a security interest in favor of Lessor, Lessee hereby acknowledges that the liabilities arose out of a commercial transaction, and agrees that in the event of any default, Lessor shall have the right to an immediate writ of possession without notice of hearing and Lessee knowingly and intelligently waives any and all rights it may have to any notice and posting of a bond by Lessor prior to seizure by Lessor, its transferees, assigns or successors in interest, of the leased Equipment or a portion thereof.

12.12 Finance Lease. To the extent permitted by applicable law, this is a "finance lease" under Section 2A-103(g) of the Uniform Commercial Code (the "UCC"). Lessee waives any right (i) to cancel or repudiate this Lease or any schedule governed hereby, (ii) reject or revoke acceptance of any item of Equipment, and (iii) to recover from Lessor any general, consequential or punitive damages, for any reason whatsoever. The identity of the supplier (the "Supplier") of each item of Equipment is set forth on the Schedule of Leased Equipment constituting a part of this Lease. Lessee is entitled, pursuant to Article 2A of the UCC, to the promises and warranties of each Supplier contained in the contract pursuant to which Lessor has acquired the Equipment, and Lessee may communicate with each such Supplier to receive an accurate and complete statement of those promises and warranties, including any disclaimers or limitations of them or their remedies.

12.13 Choice of Forum. Any action to enforce this Lease may be brought in a State or Federal court in the State designated in Section 12.4 above. Lessee hereby irrevocably consents to the personal jurisdiction of such courts.

12.14 Estoppel Certificate. Lessee agrees, upon not less than ten (10) calendar days prior written request by Lessor, to execute, acknowledge and deliver to Lessor or any other party designated by Lessor, a written statement certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the date to which the rental and other charges have been paid in advance, if at all, whether or not any violations are in existence as of the date of said statement and any other matters Lessor may reasonably request.

12.15 Business Use. Lessee certifies to Lessor that the lease of the Equipment is primarily for agricultural, business or commercial purposes and not for personal, family or household purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be properly executed, and Lessee (unless it is a corporation) has adopted as his/her/its seal the printed word "SEAL" appearing beside his/her/its name, as of the day and year first above written.

LESSEE:

LESSOR: First-Citizens Bank & Trust Company

(SEAL)

(SEAL)

By: Raffi Gudo

Title: Vice President

NAME OF CORPORATE LESSEE:

ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO

By: [Signature]

Title: President / CEO

NAME OF PARTNERSHIP OR LLC LESSEE:

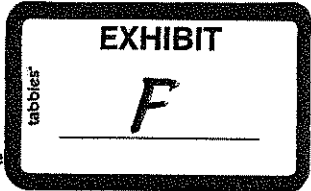
By: _____ (SEAL)
General Partner/Manager
By: _____ (SEAL)
General Partner/Manager



First Citizens Bank

SCHEDULE OF LEASED EQUIPMENT

Lease No. 22613005
Group No. 001



This Schedule of Leased Equipment ("Schedule") is attached to and made a part of the Equipment Lease between the undersigned Lessor and Lessee dated as of July 17, 2008 (the "Lease").

LESSOR: First-Citizens Bank & Trust Company
Mailing Address:
Commercial Leasing Department
Post Office Box 29519
Raleigh, NC 27626-0519

LESSEE: Name: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO
Address: 415 PISGAH CHURCH RD STE 348
City, State, Zip: GREENSBORO, NC, 27455

1. EQUIPMENT LEASED. The Equipment leased upon the terms and conditions contained in the lease is as follows ("the Equipment"):

e_max - 115Vac Assy, s/n U02070205, and VelaShape System 115V, s/n U03460832, as referenced by Syneron invoice #IV26576A, with all additions, accessories, accessions thereto, and replacements thereof

2. LOCATION OF LEASED EQUIPMENT. The Equipment shall be located at the following address(es) and shall not be removed therefrom without the prior written consent of Lessor:

415 PISGAH CHURCH RD STE 348
GREENSBORO, NC 27455

3. LEASE TERM. Unless earlier terminated in accordance with the terms of the Lease, the term of the Lease respecting each item of Equipment listed on this Schedule shall commence on July 17, 2008, ("Lease Commencement Date") and shall expire on July 17, 2013 both dates inclusive.

4. RENTAL PAYMENTS. Lessee agrees to pay rent for the Equipment listed on this Schedule during the term of the Lease in the total amount of \$215,697.00, payable to Lessor at the above address as follows:

- (a) **Interim Rent.** On the Lease Commencement Date, Lessee shall pay in advance as interim rent for the period from the Lease Commencement Date to the first Periodic Rent Payment Date the sum of \$ 0.00.
- (b) **Periodic Rent.** On each Periodic Rent Payment Date, Lessee shall pay Periodic Rent in 60 equal consecutive installments of \$ 3,594.95 each, plus taxes of \$0.00 for a total payment each period of \$3,594.95.
- (c) **Periodic Rent Payment Date.** Installments of Periodic Rent shall be due and payable in (X) advance or () arrears on July 17, 2008, and on the same day of each month for 59 consecutive calendar months, thereafter until the entire rent due hereunder is paid in full.

(initial) _____ (d) Separate addendum to Equipment Lease is attached.

5. ADVANCE PAYMENTS. In addition to the advance payment due at inception, _____ additional lease/rental payment(s) is/are payable in advance and will be applied to the last payment(s), due under the Lease.

6. PURCHASE OPTIONS. At the expiration of the Schedule of Leased Equipment, provided all rental payments, late charges, taxes, and any other obligations of Lessee have been paid or performed and no default shall exist, one of the following options will apply:

LESSEE WILL INITIAL ADJACENT TO THE OPTION SELECTED

- (initial) _____ (a) The Equipment may be purchased for the "fair market value" to be determined at the sole discretion of the Lessor. This amount will be determined at the end of the Lease term and is subject to sales tax.
- (initial) _____ (b) The Equipment may be purchased at "fair market value" (determined as provided in section (a) above) with a maximum cap amount equal to _____ % of original cost of the Equipment.
- (initial) _____ (c) The Equipment's Residual value of \$ _____ is fully guaranteed by Lessee. Lessee will be fully responsible for such amount, regardless of the actual value of the Equipment.
- (initial) by X (d) The Equipment may be purchased in its entirety for \$1.00, and title thereto conveyed to Lessee "as is, where is."
- (initial) _____ (e) See attached Addendum to the Schedule for Purchase Option.

IN WITNESS WHEREOF, each of the undersigned has hereto set his or her hand and seal or caused this Schedule of Leased Equipment to be signed in its name by a person or persons duly authorized, all as of the date of this Schedule of Leased Equipment.

LESSEE:
By: _____
Title: _____

CORPORATE LESSEE: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO

By: _____
Title: President / CEO

PARTNERSHIP OR LLC LESSEE:
By: _____
General Partner/Manager
By: _____
General Partner/Manager

LESSOR: First-Citizens Bank & Trust Company

By: _____
Title: VICED PRESIDENT

Syneron

Syneron Inc.
1920 North Thoreau Drive
USA IL, 60173

Administration Office
28 Fulton Way, Unit 8 Suite 100
Richmond Hill, Ontario
Canada, L4B 1J5
Tel. (905) 886-9235
Toll Free. (866) 259-6661
Fax. (905) 886-7046

****PROFORMA****

Invoice

FEIN # 98-0338327

Page 1 of 2

Invoice Number: IV26576A	Invoice Date: 16/MAY/2008
Packing List Number: SI051508086	Purchase Order: BK05142008JFW
Bill To: US050817	Ship To: us050817
First Citizens Bank Leasing: Mail Code RWN28 PO Box 63034 Charlotte NC 28263-3034 USA Tel: ATTN: Leasing	Advanced MED Corp 415 Pisgah Ch Rd, Suite 348 Greensboro NC 27455 USA Tel: 336-665-1302 bm@advancedmedcorp.com aw@advancedmedcorp.com
Sales Order: S025446	Order Date: 15/MAY/2008
Credit Terms:	Payment Due Date: 16/MAY/2008
Ship Via:	Order Terms:

Ln	Description	Qty	Unit Price		Total Price
1	AS10812 e_max - 115Vac Assy S/N: U02070205	1	114,548.00	USD	114,548.00
2	AS00099 Elos-SR Applicator S/N: F00009944	1	0.00	USD	0.00
3	AS45282 Applic. ST Packaged S/N: U00005495	1	0.00	USD	0.00
4	AS34342 COMT-DSL Applic. Packaged S/N: F08090264	1	0.00	USD	0.00
5	FG00161 MatrixIR Applicator S/N: FP0005561	1	0.00	USD	0.00
6	FG00121 VelaShape System 115V, P ackaged	1	69,252.00	USD	69,252.00

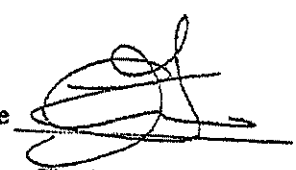
Please remit payment to our
Administration Office.

Please pay from this document
No further correspondence will
be sent.

2% monthly interest
charged on overdue
accounts

Goods shall remain the property of
Syneron until fully paid for and
cleared through our financial
institution

In the event of disruption of
your postal services, please
send your remittance via
Federal Express courier
services collect

Signature 
Thank you for doing
business with Syneron

www.syneron.com

Syneron

Syneron Inc.
1920 North Thoreau Drive
USA IL, 60173

Administration Office
28 Fulton Way, Unit 8 Suite 100
Richmond Hill, Ontario
Canada, L4B 1V5
Tel. (905) 886-9235
Toll Free. (866) 259-6661
Fax. (905) 886-7046

****PROFORMA****

Invoice

FEIN # 98-0338327


Page 2 of 2

Invoice Number: IV26576A Invoice Date: 16/MAY/2008

Ln	Description	Qty	Unit Price	Total Price
7	S/N: U03460832 FG00111 Vcontour Applicator (SA) ,Packaged S/N: U02511171	1	0.00 USD	0.00
8	FG00101 VSmooth Applicator (LA) ,Packaged S/N: U05521179	1	0.00 USD	0.00
9	AS62631 Dual Connector Packaged, VelaShape S/N: U02521033	1	0.00 USD	0.00
10	MT47982 VelaSpray Base No.359 Bc ttle 300ml+Pump AA-302	4	0.00 USD	0.00
11	USSC010 SYNER-COOL S/N: 735854	1	0.00 USD	0.00
12	FREIGHT Freight	1	2,000.00 USD	2,000.00

Freight:	
Total:	185,800.00
Sales Tax:	0.00
Invoice Total:	185,800.00

Remarks:

Signature 

Please remit payment to our
Administration Office.

Thank you for doing
business with Syneron

Please pay from this document
No further correspondence will
be sent.

2 1/2 monthly interest
charged on overdue
accounts

Goods shall remain the property of
Syneron until fully paid for and
cleared through our financial
institution

In the event of disruption of
your postal services, please
send your remittance via
Federal Express courier
services collect

www.syneron.com



First Citizens Bank

SCHEDULE OF LEASED EQUIPMENT

Lease No. 22613006
Group No. 001



This Schedule of Leased Equipment ("Schedule") is attached to and made a part of the Equipment Lease between the undersigned Lessor and Lessee dated as of July 17, 2008 (the "Lease").

LESSOR: First-Citizens Bank & Trust Company

Mailing Address:
Commercial Leasing Department
Post Office Box 29519
Raleigh, NC 27626-0519

LESSEE: Name: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO

Address: 415 PISGAH CHURCH RD STE 348
City, State, Zip: GREENSBORO, NC, 27455

1. EQUIPMENT LEASED. The Equipment leased upon the terms and conditions contained in the lease is as follows ("the Equipment"):

Gentlelase Demo Laser, s/n 9914-0880-3724, per Candela inv #20048015, and VelaShape System, s/n 003460842, per Syneron Inc inv #IV27315A, with all additions, accessories, accessions thereto, and replacements thereof

2. LOCATION OF LEASED EQUIPMENT. The Equipment shall be located at the following address(es) and shall not be removed therefrom without the prior written consent of Lessor:

415 PISGAH CHURCH RD STE 348
GREENSBORO, NC 27455

3. LEASE TERM. Unless earlier terminated in accordance with the terms of the Lease, the term of the Lease respecting each item of Equipment listed on this Schedule shall commence on August 17, 2008, ("Lease Commencement Date") and shall expire on August 17, 2013 both dates inclusive.

4. RENTAL PAYMENTS. Lessee agrees to pay rent for the Equipment listed on this Schedule during the term of the Lease in the total amount of \$140,353.20, payable to Lessor at the above address as follows:

- (a) **Interim Rent.** On the Lease Commencement Date, Lessee shall pay in advance as interim rent for the period from the Lease Commencement Date to the first Periodic Rent Payment Date the sum of \$ 0.00.
- (b) **Periodic Rent.** On each Periodic Rent Payment Date, Lessee shall pay Periodic Rent in 60 equal consecutive installments of \$ 2,339.22 each, plus taxes of \$0.00 for a total payment each period of \$2,339.22.
- (c) **Periodic Rent Payment Date.** Installments of Periodic Rent shall be due and payable in (X) advance or () arrears on August 17, 2008, and on the same day of each month for 59 consecutive calendar months, thereafter until the entire rent due hereunder is paid in full.

(initial) (d) Separate addendum to Equipment Lease is attached.

5. ADVANCE PAYMENTS. In addition to the advance payment due at inception, additional lease/rental payment(s) is/are payable in advance and will be applied to the last payment(s), due under the Lease.

6. PURCHASE OPTIONS. At the expiration of the Schedule of Leased Equipment, provided all rental payments, late charges, taxes, and any other obligations of Lessee have been paid or performed and no default shall exist, on of the following options will apply:

LESSEE WILL INITIAL ADJACENT TO THE OPTION SELECTED

- (initial) (a) The Equipment may be purchased for the "fair market value" to be determined at the sole discretion of the Lessor. This amount will be determined at the end of the Lease term and is subject to sales tax.
- (initial) (b) The Equipment may be purchased at "fair market value" (determined as provided in section (a) above) with a maximum cap amount equal to % of original cost of the Equipment.
- (initial) (c) The Equipment's Residual value of \$ is fully guaranteed by Lessee. Lessee will be fully responsible for such amount, regardless of the actual value of the Equipment.
- (initial) (d) The Equipment may be purchased in its entirety for \$1.00, and title thereto conveyed to Lessee "as is, where is."
- (initial) (e) See attached Addendum to the Schedule for Purchase Option.

IN WITNESS WHEREOF, each of the undersigned has hereto set his or her hand and seal or caused this Schedule of Leased Equipment to be signed in its name by a person or persons duly authorized, all as of the date of this Schedule of Leased Equipment.

LESSEE:

PARTNERSHIP OR LLC LESSEE:

By: _____

By: _____

General Partner/Manager

Title: _____

By: _____

General Partner/Manager

CORPORATE LESSEE: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO.

LESSOR: First-Citizens Bank & Trust Company

By: _____

By: _____

Title: Demetrius + CEO

Title: _____



CANDELA

CANDELA CORPORATION
 530 Boston Post Road
 Weymouth, Massachusetts 01778
 Tel: 978-326-7537
 Fax: 978-326-6002

REMIT TO:
 Candela Corporation PO BOX 24-6273
 BOSTON MA 02234-6273

BILL TO:
 FIRST CITIZENS BANK
 LEASING DEPT.
 16 EAST ROWAN ST
 RALEIGH NC 27609

SHIP TO:
 ADVANCED RED CORP.
 415 PISGAR CHURCH ROAD
 SUITE 348
 GREENSBORO NC 27466

ORIGINAL INVOICE	
NUMBER 20049015	
DATE 08-AUG-08	PAGE 1 of 1
PURCHASE ORDER NUMBER DYNAG2708AW	
SALES ORDER NUMBER 10005	
CUSTOMER NUMBER 62002	LOCATION 52003
SHIPPING REFERENCE	

TERMS	DUE DATE	SALES PERSON	CUSTOMER CONTACT				
Invoice	08-AUG 08	Piper, Scott					
SHIP DATE	SHIP VIA	FREIGHT TERMS					
ITEM NO.	PART NUMBER/DESCRIPTION	QUANTITY			UNIT PRICE	EXTENSION	
		ORDERED	BACK ORD.	SHIPPED			
1	LEASE BIDDING (SERIALIZED DEMO) USER SERIAL 2014-0890-3724	1		1	0.00	69,800.00	
SPECIAL INSTRUCTIONS							
This invoice is subject to Candela's Terms and Conditions, to view or download visit www.candela.com/sales_terms.pdf				SUBTOTAL	TAX	SHIP/HANDLING	TOTAL
				69,800.00	0.00	0.00	69,800.00

12/25/2014 10:07 FAX 18888851302

001/002

Syneron

Administration Office
 28 Fulton Way, Unit 8 Suite 100
 Richmond Hill, Ontario
 Canada, L4B 1J8
 TEL. (905) 886-9223
 Toll Free. (866) 289-6881
 Fax. (905) 886-7046

Invoice

PRIN # 98-0338327

Page 1 of 2

Syneron Inc.
 1920 North Thurston Drive
 USA IL, 60173

Invoice Number: TV27319A	Original	Invoice Date: 24/JUL/2008
Packing List Number: SI072408014		Purchase Order: CMV0723082W
Bill No: US120623		Ship To: us120623
First Citizens Bank Leasing Department 16 East Rowan Raleigh, NC 27609 USA Tel: ATTN: Leasing		Advanced MED Corp 415 Raleigh Ch Rd, Suite 349 Greensboro NC 27455 USA Tel: 336-565-1302 ba@advancedmedcorp.com aw@advancedmedcorp.com
Sales Order: 3026601		Order Date: 24/JUL/2008
Credit Terms: Cash On Delivery		Payment Due Date: 23/AUG/2008
Ship Via:		Order Terms:

Ln	Description	Qty	Unit Price		Total Price
1	FG00221 VelaShape System LASER, P packaged S/N: U03460842	1	50,000.00	USD	50,000.00
2	FG00111 Vcontour Applicator (SA) ,Packaged S/N: U02511089	1	0.00	USD	0.00
3	FG00101 VSmooth Applicator (LA) ,Packaged S/N: U05531271	1	0.00	USD	0.00
4	AB52511 Dual Connector Packaged, VelaShape S/N: U02820993	1	0.00	USD	0.00
5	WREIGHT Weight	1	1,000.00	USD	1,000.00

Signature: 

Please remit payment to our
Administration Office,

Thank you for doing
 business with Syneron

Please pay from this document
 No further correspondence will
 be sent.

3% monthly interest
 charged on overdue
 accounts

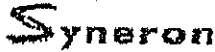
Goods shall remain the property of
 Syneron until fully paid for and
 cleared through our financial
 institution

In the event of disruption of
 your postal services, please
 use your remittance via
 Federal Express courier
 services contact

www.syneron.com

12/25/2014 18:08 FAX 18888851902

002/002



Administration Office
28 Fulton Way, Unit 8 Suite 100
Richmond Hill, Ontario
Canada, L4B 1G5
Tel. (905) 886-9225
Toll Free. (866) 259-6667
Fax. (905) 886-7046

Invoice

Syneron Inc.
1920 North Threesea Drive
USA IL, 60173

FEIN # 98-0338327

Page 2 of 2

Invoice Number: IV27319A Original Invoice Date: 24/JUL/2008

Freight:	
Total:	51,000.00
Sales Tax:	0.00
Invoice Total:	51,000.00

Remarks:

Signature

Please remit payment to our
Administration Office.

Thank you for doing
business with Syneron

Please pay from this document
No further correspondence will
be sent.

2% monthly interest
charged on overdue
accounts

Goods shall remain the property of
Syneron until fully paid for and
cleared through our financial
institution

In the event of disruption of
your postal service, please
send your remittance via
Federal Express courier
services collect

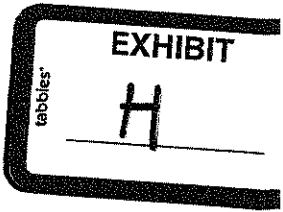
www.syneron.com



First Citizens Bank

SCHEDULE OF LEASED EQUIPMENT

Lease No. 22513007
Group No. 001



This Schedule of Leased Equipment ("Schedule") is attached to and made a part of the Equipment Lease between the undersigned Lessor and Lessee dated as of July 17, 2008 (the "Lease").

LESSOR: First-Citizens Bank & Trust Company
Mailing Address:
Commercial Leasing Department
Post Office Box 29519
Raleigh, NC 27626-0519

LESSEE: Name: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO
Address: 415 PISGAH CHURCH RD STE 348
City, State, Zip: GREENSBORO, NC, 27455

1. EQUIPMENT LEASED. The Equipment leased upon the terms and conditions contained in the lease is as follows ("the Equipment"):

ACCOLADE LASER SYSTEM, AFFINITY QS SYSTEM AND SMART COOL 6 SYSTEM PER CYNOSURE INVOICE #110808; THERMACOOL NXT SYSTEM WHANDPIECE PER THERMAGE INVOICE #87951, WITH ALL ADDITIONS, ACCESSORIES, ACCESSIONS THERETO, AND REPLACEMENTS THEREOF

2. LOCATION OF LEASED EQUIPMENT. The Equipment shall be located at the following address(es) and shall not be removed therefrom without the prior written consent of Lessor:
415 PISGAH CHURCH RD STE 348
GREENSBORO, NC 27455

3. LEASE TERM. Unless earlier terminated in accordance with the terms of the Lease, the term of the Lease respecting each item of Equipment listed on this Schedule shall commence on January 29, 2009, ("Lease Commencement Date") and shall expire on February 17, 2014 both dates inclusive.

4. RENTAL PAYMENTS. Lessee agrees to pay rent for the Equipment listed on this Schedule during the term of the Lease in the total amount of \$241,657.20, payable to Lessor at the above address as follows:

- (a) **Interim Rent.** On the Lease Commencement Date, Lessee shall pay in advance as interim rent for the period from the Lease Commencement Date to the first Periodic Rent Payment Date the sum of \$ 609.38.
- (b) **Periodic Rent.** On each Periodic Rent Payment Date, Lessee shall pay Periodic Rent in 60 equal consecutive installments of \$ 4,027.62 each, plus taxes of \$0.00, for a total payment each period of \$4,027.62.
- (c) **Periodic Rent Payment Date.** Installments of Periodic Rent shall be due and payable in (X) advance or () arrears on February 17, 2009, and on the same day of each month for 59 consecutive calendar months, thereafter until the entire rent due hereunder is paid in full.

(initial) _____ (d) _____ Separate addendum to Equipment Lease is attached.

5. ADVANCE PAYMENTS. In addition to the advance payment due at inception, _____ additional lease/rental payment(s) is/are payable in advance and will be applied to the last payment(s), due under the Lease.

6. PURCHASE OPTIONS. At the expiration of the Schedule of Leased Equipment, provided all rental payments, late charges, taxes, and any other obligations of Lessee have been paid or performed and no default shall exist, one of the following options will apply:

LESSEE WILL INITIAL ADJACENT TO THE OPTION SELECTED

- (initial) _____ (a) The Equipment may be purchased for the "fair market value" to be determined at the sole discretion of the Lessor. This amount will be determined at the end of the Lease term and is subject to sales tax.
- (initial) _____ (b) The Equipment may be purchased at "fair market value" (determined as provided in section (a) above) with a maximum cap amount equal to _____ % of original cost of the Equipment.
- (initial) _____ (c) The Equipment's Residual value of \$ _____ is fully guaranteed by Lessee. Lessee will be fully responsible for such amount, regardless of the actual value of the Equipment.
- (initial) ML X (d) The Equipment may be purchased in its entirety for \$1.00, and title thereto conveyed to Lessee "as is, where is."
- (initial) _____ (e) See attached Addendum to the Schedule for Purchase Option.

IN WITNESS WHEREOF, each of the undersigned has hereto set his or her hand and seal or caused this Schedule of Leased Equipment to be signed in its name by a person or persons duly authorized, all as of the date of this Schedule of Leased Equipment.

LESSEE:

PARTNERSHIP OR LLC LESSEE:

By: _____
Title: _____

By: _____
General Partner/Manager

CORPORATE LESSEE: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO

By: _____
General Partner/Manager

By: _____
Title: President CEO

LESSOR: First-Citizens Bank & Trust Company

By: Ruffin Sudderth
Title: VICE PRESIDENT

CYNO(S)URE

Be transformed

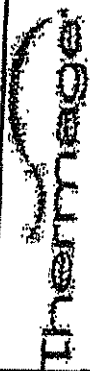
5 Carlisle Rd
 Westford, MA 01888
 Telephone: (978)256-4200
 Fax: (978)238-6556

110608	01/28/08
L916	
EXPEDITORS DEFERRED	PREPAID
	01/17/09
NET 30	

BILL TO
 FIRST CITIZENS BANK LEASING DEPT
 PO BOX 29819
 RALEIGH NC 27626
 USA

SHIP TO
 ADVANCED MED CORP INC.
 415 PISGAH CHURCH RD
 GREENSBORO NC 27455
 USA

Item #	Description	Qty	Unit	Price	Total
1	105-7008-000 ACCOLADE LASER SYSTEM	1	EA	70,833.00	70,833.00
2	105-0074-000 AFFINITY QS SYSTEM	1	EA	79,167.00	79,167.00
3	105-0023-050 SMART COOL 6 SYSTEM	1	EA	8,750.00	8,750.00
	FREIGHT	1	EA	1,250.00	1,250.00
				Subtotal	160,000.00
				Tax	0.00
				Less Payments	
				TOTAL	160,000.00



Model No: DepK CH #17252, Model No: R 60055-7252 (S10) 12-23857-4187

DATE: 01/19/2009

INVOICE # 87951
AMOUNT: \$ 35,000.00

BILL TO:
 First Citizens Bank and Trust Attn: Leasing PO
 Box 29519 Raleigh NC 27626

SHIP TO:
 ADVANCO
 Advanced Med Corp, Inc. 415 Pilegah Church Rd Suite
 348 Greensboro, NC 27455 FAX: 866-432-6493

THERMACOOL NXT SYSTEM	TG-2A	1	35,000.00
HANDPIECE, THERMACOOL NXT	TH-2	1	
SHIPPING AND HANDLING CHARGES	SH001	1	
TOTAL DUE:			35,000.00

REMIT TO:
 Thermax Corporation
 DepK CH #17252
 Palatine, IL 60055-7252

35,000.00

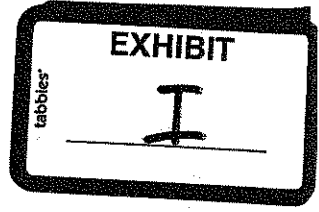
CUSTOMER COPY



First Citizens Bank

SCHEDULE OF LEASED EQUIPMENT

Lease No. 22613008
Group No. 001



This Schedule of Leased Equipment ("Schedule") is attached to and made a part of the Equipment Lease between the undersigned Lessor and Lessee dated as of July 17, 2008 (the "Lease").

LESSOR: First-Citizens Bank & Trust Company
Mailing Address:
Commercial Leasing Department
Post Office Box 29519
Raleigh, NC 27626-0519

LESSEE: Name: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO
Address: 415 PISGAH CHURCH RD STE 348
City, State, Zip: GREENSBORO, NC, 27455

1. EQUIPMENT LEASED. The Equipment leased upon the terms and conditions contained in the lease is as follows ("the Equipment"):

SMARTLIPO MPX LASER SYSTEM, S/N RX8A4515, PER CYNOSURE INVOICE #20128, WITH ALL ADDITIONS, ACCESSORIES, ACCESSIONS THERETO, AND REPLACEMENTS THEREOF

2. LOCATION OF LEASED EQUIPMENT. The Equipment shall be located at the following address(es) and shall not be removed therefrom without the prior written consent of Lessor:
415 PISGAH CHURCH RD STE 348
GREENSBORO, NC 27455

3. LEASE TERM. Unless earlier terminated in accordance with the terms of the Lease, the term of the Lease respecting each item of Equipment listed on this Schedule shall commence on May 08, 2009 ("Lease Commencement Date") and shall expire on May 08, 2014 both dates inclusive.

4. RENTAL PAYMENTS. Lessee agrees to pay rent for the Equipment listed on this Schedule during the term of the Lease in the total amount of \$186,509.40, payable to Lessor at the above address as follows:

- (a) **Interim Rent.** On the Lease Commencement Date, Lessee shall pay in advance as Interim rent for the period from the Lease Commencement Date to the first Periodic Rent Payment Date the sum of \$ 0.00.
- (b) **Periodic Rent.** On each Periodic Rent Payment Date, Lessee shall pay Periodic Rent in 60 equal consecutive installments of \$ 3,108.49 each, plus taxes of \$0.00, for a total payment each period of \$3,108.49.
- (c) **Periodic Rent Payment Date.** Installments of Periodic Rent shall be due and payable in (X) advance or () arrears on May 08, 2009, and on the same day of each month for 59 consecutive calendar months, thereafter until the entire rent due hereunder is paid in full.

(initial) (d) Separate addendum to Equipment Lease is attached.

5. ADVANCE PAYMENTS. In addition to the advance payment due at inception, additional lease/rental payment(s) is/are payable in advance and will be applied to the last payment(s), due under the Lease.

6. PURCHASE OPTIONS. At the expiration of the Schedule of Leased Equipment, provided all rental payments, late charges, taxes, and any other obligations of Lessee have been paid or performed and no default shall exist, on of the following options will apply:

LESSEE WILL INITIAL ADJACENT TO THE OPTION SELECTED

- (initial) (a) The Equipment may be purchased for the "fair market value" to be determined at the sole discretion of the Lessor. This amount will be determined at the end of the Lease term and is subject to sales tax.
- (initial) (b) The Equipment may be purchased at "fair market value" (determined as provided in section (a) above) with a maximum cap amount equal to % of original cost of the Equipment.
- (initial) (c) The Equipment's Residual value of \$ is fully guaranteed by Lessee. Lessee will be fully responsible for such amount, regardless of the actual value of the Equipment.
- ✓(initial) *AS* X (d) The Equipment may be purchased in its entirety for \$1.00, and title thereto conveyed to Lessee "as is, where is."
- (initial) (e) See attached Addendum to the Schedule for Purchase Option.

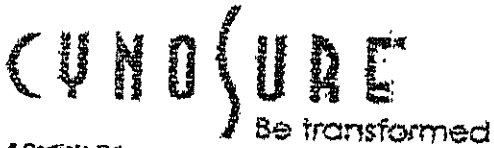
IN WITNESS WHEREOF, each of the undersigned has hereto set his or her hand and seal or caused this Schedule of Leased Equipment to be signed in its name by a person or persons duly authorized, all as of the date of this Schedule of Leased Equipment.

LESSEE:
By: _____
Title: _____

PARTNERSHIP OR LLC LESSEE:
By: _____
General Partner/Manager
By: _____
General Partner/Manager

CORPORATE LESSEE: ADVANCED MEDICAL EQUIPMENT DISTRIBUTION CO
By: _____
Title: President/CEO

LESSOR: First-Citizens Bank & Trust Company
By: _____
Title: VICE-PRESIDENT



5 Carisle Rd
 Westford, MA 01886
 Telephone: (978)256-4200
 Fax: (978)256-6558

20128	04/15/09
L1253	04/15/09
EXPEDITORS DEFERRED	PREPAID

DEMO	04/15/09	MC3302009BP
NET 30		

BILL TO:
 FIRST CITIZENS BANK LEASING DEPT
 PO BOX 29519
 RALEIGH NC 27828
 USA
 United States

SOLD TO
 ADVANCED MED CORP
 415 PISGAH CHURCH RD.
 SUITE 348
 GREENSBORO NC 27455
 United States

QTY	DESCRIPTION	UNIT	EA	PRICE	TOTAL
1	105-0056-700 SMARTLIPO MPX LASER SYSTEM SERIAL # RX8A4515	1	EA	150,000.00	150,000.00
2	104-0056-000 WARRANTY, SMARTLIPO	1	EA	0.00	0.00
3	104-9056-002 IN-SERVICE	1	EA	0.00	0.00
SHIP TO: SEE ABOVE					
				Subtotal	150,000.00
				Freight	500.00
				TOTAL	150,500.00

EXHIBIT

J

tabbies

FIRST-CITIZENS BANK & TRUST COMPANY
UNCONDITIONAL CONTINUING GUARANTY

For Bank Use Only: Obligor No(s), of Guarantor(s)

6/8/2007

BORROWER:

Date of Execution and Delivery

Name: Advanced Medical Equipment Distribution
Address: 415 Pisgah Church Rd, Suite 348
Greensboro, NC 27455
Soc. Sec./Tax ID No. 20-2342029

GUARANTOR(S):

Name: Brendan Messenheimer
Address: 1401 Napper Dr
Greensboro, NC 27455
Soc. Sec./Tax ID No. 241-61-4557

Name:
Address:
Soc. Sec./Tax ID No.

LENDER: First-Citizens Bank & Trust Company

Branch No. 958000

State in which Branch is Located: NC

DEFINITIONS. The following words shall have the following meanings when used in this Guaranty:

Borrower. The word "Borrower" means the borrower identified above.

Guarantor. The word "Guarantor" means the guarantor identified above, if there is only one guarantor. If there is more than one guarantor identified above, the word "Guarantor" refers individually to each such guarantor and collectively to all such guarantors.

Guaranty. The word "Guaranty" means this Unconditional Continuing Guaranty.

Indebtedness. The word "Indebtedness" is used in this Guaranty in its broadest and most comprehensive sense to include all amounts owed from time to time by Borrower to Lender. The word "Indebtedness" includes, without limitation, all of Borrower's liabilities, obligations and debts to Lender, whether now existing or hereafter incurred or created, whether voluntarily or involuntarily incurred, whether due or not due, whether absolute or contingent, whether liquidated or unliquidated, whether determined or undetermined, whether secured or unsecured, whether Borrower may be liable individually or jointly or jointly and severally with others, whether Borrower may be liable primarily or secondarily or as an accommodation party, endorser, guarantor or surety, whether recovery on the indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever (including, without limitation, invalidity, irregularity or unenforceability by reason of bankruptcy, insolvency or any other law or order), whether the indebtedness arises from transactions which may be or may become voidable for any reason, and regardless of how the indebtedness was incurred or created, together with any and all amendments, modifications, renewals, extensions and/or increases of any of the above.

Lender. The word "Lender" means First-Citizens Bank & Trust Company. The Lender's mailing address is: First Citizens Bank, Loan Servicing Department - DAC20, P.O. Box 26592, Raleigh, NC 27611-6592.

GUARANTY. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees the prompt and punctual payment when due of the Indebtedness to Lender or its order, in legal tender. This is an unconditional and continuing guaranty. Guarantor's liability under this Guaranty shall be open, continuous and unlimited for so long as this Guaranty remains in force. Guarantor intends to guarantee at all times the prompt and punctual payment of the Indebtedness as and when due, whether the Indebtedness is due in part or in full, at maturity or earlier, or by reason of acceleration or otherwise. Accordingly, no payments made upon the Indebtedness will discharge or diminish the continuing liability of Guarantor in connection with any remaining portion of the Indebtedness or any of the Indebtedness that subsequently arises or is thereafter incurred or created. This is a continuing guaranty of payment and not of collection. The liability of each Guarantor under this Guaranty shall be joint and several.

If Lender currently holds or hereafter receives one or more additional guaranties from Guarantor, the rights of Lender under all such guaranties shall be cumulative. This Guaranty shall not affect or lessen any of such other guaranties. The liability of Guarantor will be the aggregate liability of Guarantor under the terms of this Guaranty and all such other unexpired guaranties. Guarantor has not signed this Guaranty in reliance on the guaranty(ies) of any other guarantor(s). Guarantor's liability under this Guaranty shall be separate, distinct and independent of the liability of Borrower and of the liability of any other guarantor(s) of all or any portion of the Indebtedness, and Guarantor's liability under this Guaranty shall not be affected or lessened by the guaranty(ies) of any other guarantor(s), the termination or revocation of any other guaranty(ies), or the release of Borrower or of any other guarantor(s).

If all or any portion of the Indebtedness is not paid as and when due, Lender may call upon Guarantor from time to time to pay without first pursuing its remedies against any collateral and without first attempting to collect from Borrower or any other person or entity who may be liable for all or any portion of the Indebtedness.

DURATION OF GUARANTY; REVOCATION. This Guaranty will take effect when signed by Guarantor and received by Lender without the necessity of any acceptance by Lender or any notice to Guarantor or Borrower. This Guaranty will continue in full force and effect until all Indebtedness has been fully and finally paid and satisfied, the rights of Borrower to obtain further credit advances have been terminated, all obligations of Guarantor under this Guaranty have been performed in full, and this Guaranty has been expressly revoked prospectively by Guarantor. However, a Guarantor may prospectively revoke this Guaranty at any time and thereby limit his, hers or its liability, but not the liability of any Guarantor who has not revoked this Guaranty. A Guarantor electing to revoke this Guaranty may do so only in writing. A Guarantor's written notice of revocation will not be effective until three "banking days" (as the term "banking day" is defined in Article 4 of the Uniform Commercial Code) after the date it is actually received by an officer of Lender responsible for the administration of the Indebtedness. A Guarantor's notice of revocation will apply only to that Guarantor and only as to new Indebtedness incurred or created after the notice of revocation becomes effective. No notice of revocation will reduce a revoking Guarantor's continuing and unconditional liability for (a) Indebtedness incurred by Borrower or committed by Lender prior to the time the notice of revocation becomes effective; (b) Indebtedness which is contingent, unliquidated, undetermined or not due at the time the notice of revocation becomes effective and which later becomes absolute, liquidated, determined or due; (c) advances made under any multiple advance loan or credit arrangement in existence prior to the time the notice of revocation becomes effective, regardless of whether the making of such advances is optional or obligatory; and (d) all extensions, renewals, substitutions or modifications of any or all of the foregoing, whether made before or after the time the notice of revocation becomes effective. All extensions, renewals, substitutions and modifications of all or any part of the Indebtedness granted after a Guarantor's revocation are contemplated under this Guaranty and will not be considered to be new Indebtedness. If a Guarantor is an individual, this Guaranty shall bind the estate of the Guarantor as to Indebtedness created both before and after the death or incapacity of the Guarantor, regardless of Lender's actual notice of Guarantor's death or incapacity. Subject to the foregoing, the personal representative of a Guarantor's estate may revoke this Guaranty in the same manner in which the deceased Guarantor might have revoked it and with the same effect. Release of any other guarantor or obligor (including the release of any Guarantor if there is more than one Guarantor), or the termination of any other guaranty of the Indebtedness shall not affect or lessen the liability of any remaining Guarantor under this Guaranty. A revocation received by Lender from any other guarantor(s) (including a Guarantor under this Guaranty) shall not affect or lessen the liability of any remaining Guarantor under this Guaranty or any other guarantor(s), and Lender has no duty to notify Guarantor of any revocation(s) it receives from any other guarantor(s). It is anticipated that fluctuations may occur in the aggregate amount of Indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the Indebtedness from time to time, even to zero dollars (\$0.00), prior to Guarantor's revocation of this Guaranty shall not terminate this Guaranty. This Guaranty is binding upon Guarantor even though the Indebtedness guaranteed may from time to time be zero dollars (\$0.00).

If Lender is required or agrees to pay, return or restore any amounts previously paid on the Indebtedness because of any bankruptcy or insolvency proceeding or for any other reason, the obligations of Guarantor shall be reinstated and revived and the rights of Lender shall continue with regard to such amounts, all as though they had never been paid.

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation of this Guaranty, without notice to or demand upon Guarantor, without Guarantor's knowledge or consent and without affecting or lessening Guarantor's liability under this Guaranty, from time to time: (a) to modify, alter, renew, extend, accelerate, compromise or otherwise change one or more times the terms of the Indebtedness or any part thereof, including but not limited to extending the time for payment, modifying the repayment terms and increasing or decreasing the interest rate; (b) to release, substitute, settle with, agree not to sue, or deal with Borrower or any maker, surety, endorser, or other guarantor on any terms or in any manner Lender may choose; (c) to take and hold collateral for the payment of the Indebtedness or any part thereof and/or this Guaranty, and to exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such collateral, with or without the substitution of new collateral; (d) to direct the order and manner for the disposition of any collateral for the payment of all or any part of the Indebtedness and/or this Guaranty; (e) to determine the order of application of payments and credits to the Indebtedness; (f) to consent to any assumption of the Indebtedness or any part thereof; (g) to sell, transfer, assign, or grant participations in all or any part of the Indebtedness, and in connection therewith to disclose information (including financial information) relating to Guarantor and/or Borrower; (h) to assign or transfer this Guaranty in whole or in part; (i) to extend credit to Borrower or lease equipment or other goods to Borrower; and (j) to obtain consumer reports and/or credit reports on Guarantor from credit bureaus, consumer reporting agencies and others.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (a) Lender's financial accommodations to Borrower are adequate consideration for the giving of this Guaranty; (b) Guarantor will receive direct or indirect benefit from Lender's loan(s) to Borrower and/or Lender's business dealings with Borrower; (c) this Guaranty is executed at Borrower's request and not at the request of Lender; (d) Guarantor will promptly provide to Lender such financial and credit information as Lender may request from time to time in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present the financial condition of Guarantor as of the dates the financial information is provided; and (e) Guarantor has adequate means to obtain information regarding Borrower's financial condition on a continuing basis. This Guaranty is based solely on Guarantor's independent evaluation of Borrower's financial condition and not upon any representation or statements made by Lender or on Lender's behalf. Guarantor assumes full responsibility for obtaining such additional information concerning Borrower's financial condition as Guarantor deems material to Guarantor's obligations under this Guaranty. Absent Guarantor's written request for such information and Borrower's consent to disclose such information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower. Guarantor knowingly accepts the full range of risk encompassed in this Guaranty resulting from the possibility that Borrower's financial condition and/or ability to pay debts as they mature may deteriorate.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (a) to notify Guarantor of any modification, alteration, increase, renewal, extension, acceleration, compromise or other change in the Indebtedness or in any part thereof; (b) to continue lending money or to extend other credit to Borrower or to notify Guarantor of any such loan or extension of credit; (c) to make any presentment, protest, or demand for payment; (d) to give Guarantor notice of any kind, including notice of acceptance of this Guaranty, notice of change of any terms of repayment of any or all of the Indebtedness, notice of any increase in the amount of the Indebtedness, notice of delinquency, notice of default by Borrower or any other guarantor or surety, notice of any

action or non-action taken by Borrower, Lender, or any other guarantor or surety of Borrower, notice of intent to accelerate, notice of acceleration, notice of nonpayment, notice of dishonor or notice of protest, or notice of the creation of any new or additional indebtedness; (e) to resort for payment or to proceed directly or at once against any person or entity, including Borrower or any other guarantor, before proceeding against Guarantor; (f) to proceed directly against or exhaust any collateral given to secure payment of all or any part of the Indebtedness and/or this Guaranty before proceeding against Guarantor; (g) to apply any payments or proceeds received against the Indebtedness in any order; (h) to disclose any information about the Indebtedness, the Borrower, the collateral, or any other guarantor or surety, or about any action or non-action of Lender; (i) to marshal assets or liabilities or to sell assets in inverse order of alienation; or (j) to pursue any other remedy or course of action within Lender's power.

To the extent permitted by applicable law, Guarantor also waives any and all rights or defenses arising by reason of (a) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor before or after Lender's commencement or completion of any foreclosure efforts; (b) any election of remedies by Lender which impairs Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement; (c) any right to claim a discharge of this Guaranty on the basis of suretyship or unjustified impairment of any collateral; (d) any law which would require Lender to recover against Borrower or any other person or entity and/or to realize upon any collateral security; (e) the benefit of any statute of limitations or repose affecting Guarantor's liability under, or the enforcement of, this Guaranty; and (f) any defenses given to guarantors at law or in equity other than actual payment in full of the Indebtedness. Guarantor further waives any and all benefits, rights and defenses to which Guarantor may be entitled by virtue of any suretyship law, including any rights Guarantor may have pursuant to the provisions of § 3-605 of the Uniform Commercial Code, North Carolina General Statutes § 26-7, *et seq.*, Code of Virginia § 49-25, *et seq.*, West Virginia Code § 45-1-1, *et seq.*, and the corresponding provisions of any other state or federal laws as the same may be amended from time to time. Nothing shall discharge or satisfy Guarantor's liability under this Guaranty except the full and final payment of the Indebtedness without deduction by reason of setoff, defense or counterclaim.

To the extent permitted by applicable law, Guarantor also (a) waives any defense that arises because of any disability or any other defense Borrower may assert; (b) waives any defense based on the assertion that all or any portion of the Indebtedness is invalid or unenforceable or that Borrower never was or is no longer liable for all or any portion of the Indebtedness for any reason; (c) waives and agrees not to assert or claim at any time any deduction to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, recoupment or similar right, whether such claim or right may be asserted by Guarantor, by Borrower, or by any other person or entity; (d) waives all homestead and other exemptions relating to any collateral that secures the payment of all or any part of the Indebtedness and/or this Guaranty; and (e) waives any and all rights (whether by subrogation, indemnity, reimbursement or otherwise) to recover from Borrower any amounts paid by Guarantor under this Guaranty unless and until the Indebtedness has been fully and finally paid and satisfied.

USE OF PROCEEDS. Guarantor agrees that Lender has no duty to monitor or verify Borrower's use of the proceeds of any loan or to ensure or verify that any loan proceeds are used for the purposes described in any credit application, loan agreement or any other document. Guarantor waives and agrees not to assert against Lender any claim or defense based on (a) the actual use of any loan proceeds, (b) the failure of any loan proceeds to be used for any purpose described in any credit application, loan agreement, or any other document, and (c) Lender's knowledge that loan proceeds were not used for the purpose described in any credit application, loan agreement or any other document.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW AND TO THE EXTENT NOT IN VIOLATION OF PUBLIC POLICY, LENDER AND GUARANTOR VOLUNTARILY AND KNOWINGLY WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM RELATING TO OR ARISING OUT OF THE INDEBTEDNESS OR THIS GUARANTY. This provision will not apply if this Guaranty is governed by North Carolina or West Virginia law.

LENDER'S RIGHT OF SETOFF. Lender has the right of setoff provided by law and/or as provided by any deposit account agreement or other agreement Guarantor has or may hereafter have with Lender. Lender may exercise its right of setoff against all deposits, monies, securities and other property of Guarantor now or hereafter in Lender's possession or on deposit with Lender, whether held in general or special accounts or deposits, whether held alone or jointly with others and whether held for safekeeping or otherwise. However, Lender may not exercise a right of setoff against IRA, Keogh, agency, fiduciary or trust accounts. Lender may exercise its right of setoff without demand upon or notice to Guarantor or anyone else.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Whether or not Borrower becomes insolvent, any right or claim Guarantor has or may acquire against Borrower or Borrower's property shall be subordinate and subject in right of payment to Lender's right to the payment of the Indebtedness in full.

AMENDMENTS. This Guaranty constitutes the entire understanding and agreement of Guarantor and Lender as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

APPLICABLE LAW. This Guaranty shall be deemed to have been made under and shall be governed and construed in accordance with the laws of the state in which the Lender's branch is located as indicated in the heading of this Guaranty (or the State of North Carolina, if no state is shown for Lender's branch).

ATTORNEYS' FEES; EXPENSES. Guarantor agrees to pay all costs and expenses actually incurred by Lender in connection with the enforcement of this Guaranty, including Lender's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit or other proceeding. Costs and expenses recoverable under this provision include reasonable attorneys' fees and legal expenses actually incurred by Lender for litigation, alternative dispute resolution proceedings, administrative proceedings, bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any pre- or post-judgment collection services. Guarantor also agrees to pay all court costs and such additional fees as may be directed by the court. If this Guaranty is governed by West Virginia law and the Indebtedness is a consumer loan subject to the provisions of the West Virginia Consumer Credit and Protection Act, West Virginia Code Section 46A-1-101, *et seq.*, then Lender shall be obligated to provide such notice of default and opportunity to cure as may be required by West Virginia Code Section 46A-2-106, and Lender shall be entitled to recover its costs and expenses only to the extent permitted by West Virginia Code Section 46A-2-115.

NOTICES. Unless otherwise required by law or this Guaranty, any notice given by either party to the other under this Guaranty shall be in writing and may be hand delivered, sent by any nationally recognized overnight courier service, mailed through the US Postal Service or sent by telefacsimile. Except as otherwise provided for any notice of revocation given by Guarantor, any such notice shall be effective when actually delivered (when sent by telefacsimile or hand delivered), when deposited with a nationally recognized overnight courier, or when deposited in the United States mail, first class postage prepaid, addressed to the party to whom the notice is to be given at the address shown above or to such other addresses as either party may designate to the other in writing. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address.

INTERPRETATION. This Guaranty shall be binding upon Guarantor and inure to the benefit of Lender. The words "Guarantor," "Borrower," and "Lender" include their respective heirs, legal representatives, successors, assigns (including, without limitation, any debtor in possession or trustee in bankruptcy for Guarantor), and transferees, as well as the successor trusts, corporations, limited liability companies, partnerships or other similar entities of each arising from mergers, consolidations, alterations, conversions, name changes, or changes to the identity of any trustees, officers, directors, members, managers, general partners, limited partners or other agents. Guarantor's liability under this Guaranty shall continue in full force and effect and shall not be affected or lessened by (a) any merger, consolidation, alteration, conversion or other change of form, name change or other change affecting Guarantor or Borrower, or (b) changes in the identity of any trustees, officers, directors, members, managers, general partners, limited partners or other agents of Guarantor or Borrower. Any successor business entity to Guarantor shall be fully liable as Guarantor under this Guaranty. If Guarantor or Borrower is a trust, corporation, limited liability company, partnership or similar entity, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the trustees, officers, directors, members, managers, general partners, limited partners or other agents acting or purporting to act on their behalf, and any obligation made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty. Nothing in this Guaranty is intended to require, nor should this Guaranty be construed to require, the signature of a spouse in violation of the federal Equal Credit Opportunity Act or any regulations adopted under its authority. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty. If a court of competent jurisdiction finds any provision of this Guaranty to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances, and all provisions of this Guaranty in all other respects shall remain valid and enforceable.

WAIVER. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

If checked, this Guaranty is modified, amended and supplemented by that Addendum attached hereto and incorporated herein by reference.

NOTICE TO CO-SIGNER/GUARANTOR

You are being asked to guarantee this debt. Think carefully before you do. If the borrower does not pay the debt, you will have to. Be sure you can afford to pay it if you have to, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount. The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you. If this debt is ever in default, that fact may become a part of your credit record. This notice is not the contract that makes you liable for the debt.

IN WITNESS WHEREOF, each Guarantor has hereunto set his or her hand or caused this Guaranty to be signed in its name by a person or persons duly authorized, all as of the date of this Guaranty.

BUSINESS ENTITY GUARANTOR:

Name of Guarantor _____

By: _____

Name and Title _____

By/Attest: _____

Name and Title _____

By _____

Name and Title _____

INDIVIDUAL GUARANTOR:


Brendan Messenheimer