

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934

Date of Report (date of earliest event reported): May 17, 2013

MIMEDX GROUP, INC.

(Exact name of registrant as specified in charter)

Florida

(State or other jurisdiction of incorporation)

000-52491

(Commission File Number)

26-2792552

(IRS Employer Identification No.)

60 Chastain Center Blvd., Suite 60

Kennesaw, GA

(Address of principal executive offices)

30144

(Zip Code)

(678) 384-6720

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement

On May 17, 2013, MiMedx Group, Inc. (the “Company”) and Bank of America, N.A. (the “Lender”) entered into a Loan Agreement (the “Loan Agreement”). The Loan Agreement provides the Company with a secured revolving line of credit (the “Revolving Line of Credit”) of up to \$3,000,000, and includes a sub-limit of up to \$1,000,000 for the issuance of letters of credit. The Revolving Line of Credit is secured by the Company’s accounts receivable and inventory. The Company intends to utilize the Revolving Line of Credit for general corporate purposes. As of the date of this filing, the Company has not made any drawings under the Revolving Line of Credit.

Accrued interest with respect to principal amounts outstanding under the Loan Agreement is payable in arrears on a monthly basis calculated at the rate of LIBOR plus two percent (2%). The principal amount outstanding under the Loan Agreement and any accrued and unpaid interest is due no later than May 1, 2014, and the Revolving Line of Credit is subject to certain prepayment penalties upon earlier termination of the Revolving Line of Credit. The Loan Agreement is subject to renewal by the Lender at the end of the term.

The Loan Agreement contains covenants that limit under certain circumstances the ability of the Company to, among other things, merge with or acquire other entities, incur new liens, incur additional indebtedness, sell assets outside of the ordinary course of business, make loans, advances or other extensions of credit or engage in any business activities substantially different from the Company’s present business without the Lender’s consent. The Loan Agreement also requires the Company to maintain certain financial covenants, including a minimum funded debt to adjusted EBITDA ratio and a minimum fixed charge coverage ratio.

Events of default (subject to certain cure periods and other limitations) under the Loan Agreement include, but are not limited to, (i) non-payment of principal, interest, fees or other amounts due under the Loan Agreement, (ii) any default occurs under any other agreement the Company has with the Lender, (iii) certain defaults by the Company under other agreements for credit that would cause or permit the holder of such indebtedness to cause such indebtedness to become due prior to maturity, (iv) the Company has given the Lender materially false or misleading information or representations, (v) certain events of bankruptcy, insolvency or liquidation involving the Company, (vi) judgments or arbitration awards against the Company in excess of \$250,000, subject to certain conditions, (vi) a material adverse change occurs or is reasonably likely to occur, (vii) any government authority takes action that the Lender believe materially adversely affects the Company and (viii) certain events occur with respect to any Plan (as defined in the Loan Agreement) subject to Title IV of ERISA.

The description set forth above is qualified in its entirety by the Loan Agreement, a copy of which is filed as an exhibit to this report and is incorporated by reference herein.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above in Item 1.01 is hereby incorporated into this Item 2.03 by reference.

Item 8.01 Other Events.

On May 20, 2013, the Company issued a press release announcing the entry into the Loan Agreement. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Item 9.01 Financial Statement and Exhibits.

Exhibits

Exhibit

No.	Description
10.1	Loan Agreement between MiMedx Group, Inc., and Bank of America
99.1	Line of Credit Press Release

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MIMEDX GROUP, INC.

Dated: May 23, 2013

By: /s/ Michael J. Senken
Michael J. Senken, Chief Financial Officer



LOAN AGREEMENT

This Agreement dated as of May 17, 2013, is between Bank of America, N A. (the "Bank") and MiMedx Group, Inc (the "Borrower"),

1 FACILITY No. 1 LINE OF CREDIT AMOUNT AND TERMS.

1.1 Line of Credit Amount.

- (a) During the availability period described below, the Bank will provide a line of credit to the Borrower, The amount of the line of credit (the "Facility No 1 Commitment") is Three Million and 00/100 Dollars (\$3,000,000.00).
- (b) This is a revolving line of credit During the availability period, the Borrower may repay principal amounts and reborrow them.
- (c) The Borrower agrees not to permit the principal balance outstanding to exceed the Facility No. 1 Commitment If the Borrower exceeds this limit, the Borrower will immediately pay the excess to the Bank upon the Bank's demand.

1.2 Availability Period. The line of credit is available between the date of this Agreement and May 1, 2014, or such earlier date as the availability may terminate as provided in this Agreement (the "Facility No. 1 Expiration Date").

The availability period for this line of credit will be considered renewed if and only if the Bank has sent to the Borrower a written notice of renewal for the line of credit (the "Renewal Notice"). If this line of credit is renewed, it will continue to be subject to all the terms and conditions set forth in this Agreement except as modified by the Renewal Notice. If this line of credit is renewed, the term "Expiration Date" shall mean the date set forth in the Renewal Notice as the Expiration Date and the same process for renewal will apply to any subsequent renewal of this line of credit.

1.3 Repayment Terms.

- (a) The Borrower will pay interest on June 1, 2013, and then on the same day of each month thereafter until payment in full of any principal outstanding under this facility,
- (b) The Borrower will repay in full any principal, interest or other charges outstanding under this facility no later than the Facility No. 1 Expiration Date, Any interest period for an optional interest rate (as described below) shall expire no later than the Facility No. 1 Expiration Date,

1.4 Interest Rate.

- (a) The interest rate is a rate per annum equal to the LIBOR Daily Floating Rate plus 2 percentage point(s),
- (b) The LIBOR Daily Floating Rate is a fluctuating rate of interest which can change on each banking day. The rate will be adjusted on each banking day to equal the British Bankers Association LIBOR Rate (or any successor thereto approved by the Bank if the British Bankers Association is no longer making a LIBOR rate available) for U.S. Dollar deposits for delivery on the date in question for a one month term beginning on that date. The Bank will use the LIBOR Rate as published by Reuters (or other commercially available source providing quotations of such rate as selected by the Bank from time to time) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, as adjusted from time to time in the Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars,

1.5 Optional Interest Rates. Instead of the interest rate based on the rate stated in the paragraph entitled "Interest Rate" above, the Borrower may elect the optional interest rates listed below for this Facility No. 1 during interest periods agreed to by the Bank and the Borrower. The optional interest rates shall be subject to the terms and conditions described later in this Agreement. Any principal amount bearing interest at an optional rate under this Agreement is referred to as a "Portion". The following optional interest rates are available.

(a) The LIBOR Rate plus 2.0 percentage point(s).

1.6 Letters of Credit.

(a) During the availability period, at the request of the Borrower, the Bank will issue,

(i) standby letters of credit with a maximum maturity of three hundred sixty-five (365) and may extend more than three hundred sixty-five (365) days beyond the Facility No. 1 Expiration Date.

(b) The amount of the letters of credit outstanding at any one time (including the drawn and unreimbursed amounts of the letters of credit) may not exceed One Million and 00/100 Dollars (\$1,000,000.00).

(c) In calculating the principal amount outstanding under the Facility No. 1 Commitment, the calculation shall include the amount of any letters of credit outstanding, including amounts drawn on any letters of credit and not yet reimbursed.

(d) The Borrower agrees.

(i) Any sum drawn under a letter of credit may, at the option of the Bank, be added to the principal amount outstanding under this Agreement. The amount will bear interest and be due as described elsewhere in this Agreement,

(ii) If there is an event of default that has occurred and is continuing under Section 10 of this Agreement, to immediately prepay and make the Bank whole for any outstanding letters of credit,

(iii) The issuance of any letter of credit and any amendment to a letter of credit is subject to the Bank's written approval and must be in form and content satisfactory to the Bank and in favor of a beneficiary acceptable to the Bank,

(iv) To sign the Bank's form Application and Agreement for Commercial Letter of Credit or Application and Agreement for Standby Letter of Credit, as applicable,

(v) To pay any issuance and/or other fees that the Bank notifies the Borrower will be charged for issuing and processing letters of credit for the Borrower,

(vi) To allow the Bank to automatically charge its checking account for applicable fees, discounts, and other charges,

2. OPTIONAL INTEREST RATES.

2.1 Optional Rates. Each optional interest rate is a rate per annum Interest will be paid on June 1, 2013, and then on the same day of each month thereafter until payment in full of any principal outstanding under this Agreement No Portion will be converted to a different interest rate during the applicable interest period. Upon the occurrence and during the continuance of an event of default under Section 10 of this Agreement, the Bank may terminate the availability of optional interest rates for interest periods commencing after such event of default occurs. At the end of each interest period, the interest rate will revert to the rate stated in the paragraph(s) entitled "Interest Rate" above, unless the Borrower has designated another optional interest rate for the Portion.

2.2 LIBOR Rate. The election of LIBOR Rates shall be subject to the following terms and requirements:

(a) The interest period during which the LIBOR Rate will be in effect will be one month, two months, three months or six months. The first day of the interest period must be a day other than a Saturday or a Sunday on which banks are open for business in New York and London and dealing in offshore dollars (a "LIBOR Banking Day"). The last day of the interest period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market,

- (b) Each LIBOR Rate portion will be for an amount not less than One Hundred Thousand and 00/100 Dollars (\$100,000.00).
- (c) The "LIBOR Rate" means the interest rate determined by the following formula. (All amounts in the calculation will be determined by the Bank as of the first day of the interest period),

$$\text{LIBOR Rate} = \frac{\text{London Inter-Bank Offered Rate}}{(1.00 - \text{Reserve Percentage})}$$

Where,

- (i) "London Inter-Bank Offered Rate" means, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate (or any successor thereto approved by the Bank if the British Bankers Association is no longer making a LIBOR rate available), as published by Reuters (or other commercially available source providing quotations of such rate as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period, If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars.
- (ii) "Reserve Percentage" means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to the nearest 1/100 of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentages.
- (d) The Borrower shall irrevocably request a LIBOR Rate Portion no later than 12:00 noon Eastern time on the LIBOR Banking Day preceding the day on which the London Inter-Bank Offered Rate will be set, as specified above. For example, if there are no intervening holidays or weekend days in any of the relevant locations, the request must be made at least three days before the LIBOR Rate takes effect.
- (e) The Bank will have no obligation to accept an election for a LIBOR Rate Portion if any of the following described events has occurred and is continuing:
- (i) Dollar deposits in the principal amount, and for periods equal to the interest period, of a LIBOR Rate Portion are not available in the London inter-bank market, or:
- (ii) The LIBOR Rate does not accurately reflect the cost of a LIBOR Rate Portion.
- (f) Each prepayment of a LIBOR Rate Portion, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid and a prepayment fee as described below. A "prepayment" is a payment of an amount on a date earlier than the scheduled payment date for such amount as required by this Agreement.
- (g) The prepayment fee is intended to compensate the Bank for the funding costs of the prepaid credit, if any, The prepayment fee will be determined by calculating the funding costs incurred by the Bank, based on the cost of funds at the time the interest rate was fixed, and subtracting the interest income which can be earned by the Bank by reinvesting the prepaid funds at the Reinvestment Rate. The calculation is defined more fully below.
- (h) The "Fixed Interest Rate Period" is the period during which the interest rate in effect at the time of the prepayment does not change. If the Fixed Interest Rate Period does not extend for the entire remaining life of the credit, then the following rules will apply.

- (i) For any portion of the prepaid principal for which the scheduled payment date is after the end of the Fixed Interest Rate Period, the prepayment fee for that portion shall be calculated based only on the period through the end of the Fixed Interest Rate Period, as described below,
 - (ii) If a prepayment is made on a date on which the interest rate resets, then there will be no prepayment fee.
- (i) The prepayment fee calculation is made separately for each Prepaid Installment. A "Prepaid Installment" is the amount of the prepaid principal that would have been due on a particular scheduled payment date (the "Scheduled Payment Date"). However, as explained in the preceding paragraph, all amounts of the credit which would have been paid after the end of the Fixed Interest Rate Period shall be considered a single Prepaid Installment with a Scheduled Payment Date (for the purposes of this calculation) equal to the last day of the Fixed Interest Rate Period,
- (j) The prepayment fee for a particular Prepaid Installment will be calculated as follows.
- (i) Calculate the monthly interest payments that would have accrued on the Prepaid Installment through the applicable Scheduled Payment Date, if the prepayment had not been made. The interest payments will be calculated using the Original Cost of Funds Rate.
 - (ii) Next, calculate the monthly interest income which could be earned on the Prepaid Installment if it were reinvested by the Bank at the Reinvestment Rate through the Scheduled Payment Date.
 - (iii) Calculate the monthly differences of the amounts calculated in (i) minus the amounts calculated in (ii),
 - (v) If the remaining term of the Fixed Interest Rate Period is greater than one year, calculate the present value of the amounts calculated in (iii), using the Reinvestment Rate. The result of the present value calculation is the prepayment fee for the Prepaid Installment,
- (k) Finally, the prepayment fees for all of the Prepaid Installments are added together. The sum, if greater than zero, is the total prepayment fee due to the Bank,
- (l) The following definitions will apply to the calculation of the prepayment fee.
- (i) "Original Cost of Funds Rate" means the fixed interest rate per annum, determined solely by the Bank, at which the Bank would be able to borrow funds in the Bank Funding Markets for the duration of the Fixed Interest Rate Period in the amount of the prepaid principal and with a term, interest payment frequency, and principal repayment schedule matching the prepaid principal.
 - (ii) "Bank Funding Markets" means one or more wholesale funding markets available to the Bank, including the LIBOR, Eurodollar, and SWAP markets as applicable and available, or such other appropriate money market as determined by the Bank in its sole discretion,
 - (iii) "Reinvestment Rate" means the fixed rate per annum, determined solely by the Bank, as the rate at which the Bank would be able to reinvest funds in the amount of the Prepaid Installment in the Bank Funding Markets on the date of prepayment for a period of time approximating the period starting on the date of prepayment and ending on the Scheduled Payment Date.
- (m) The Original Cost of Funds Rate and the Reinvestment Rate are the Bank's estimates only and the Bank is under no obligation to actually purchase or match funds for any transaction or reinvest any prepayment. The Bank may adjust the Original Cost of Funds Rate and the Reinvestment Rate to reflect the compounding, accrual basis, or other costs of the prepaid amount. The rates shall include adjustments for reserve requirements, federal deposit insurance and any other similar adjustment which the Bank deems appropriate. These rates are not fixed by or related in any way to any rate the Bank quotes or pays for deposits accepted through its branch system.

3 COLLATERAL.

3.1 Personal Property. The personal property listed below now owned or owned in the future by the parties listed below will secure the Borrower's obligations to the Bank under this Agreement. The collateral is further defined in security agreement(s) executed by the owners of the collateral. In addition, all personal property collateral owned by the Borrower securing this Agreement shall also secure all other present and future obligations of the Borrower to the Bank and to any affiliate of the Bank (excluding any consumer credit covered by the federal Truth in Lending law, unless the Borrower has otherwise agreed in writing or received written notice thereof). All personal property collateral securing any other present or future obligations of the Borrower to the Bank shall also secure this Agreement.

- (a) Inventory owned by the Borrower, other than Inventory of the Borrower that is, or is contracted to be, in the possession of another person on a consignment arrangement,
- (b) Receivables owned by the Borrower.

4 FEES AND EXPENSES.

4.1 Fees.

(a) Loan Fee. The Borrower agrees to pay a loan fee in the amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00). This fee is due on the date of this Agreement.

(b) Unused Commitment Fee. The Borrower agrees to pay a fee on any difference between the Facility No. 1 Commitment and the amount of credit it actually uses, determined by the daily amount of credit outstanding during the specified period, The fee will be calculated at 0.75% per year.

This fee is due on August 1, 2013, and on the same day of each following quarter until the expiration of the availability period,

(c) Waiver Fee. If the Bank, at its discretion, agrees to waive or amend any terms of this Agreement, the Borrower will, at the Bank's option, pay the Bank a fee for each waiver or amendment in an amount advised by the Bank at the time the Borrower requests the waiver or amendment, Nothing in this paragraph shall imply that the Bank is obligated to agree to any waiver or amendment requested by the Borrower. The Bank may impose reasonable and customary additional requirements as a condition to any waiver or amendment.

(d) Late Fee. To the extent permitted by law, the Borrower agrees to pay a late fee in an amount not to exceed two percent (2%) of any payment that is more than fifteen (15) days late. The imposition and payment of a late fee shall not constitute a waiver of the Bank's rights with respect to the default.

4.2 Expenses. The Borrower agrees to promptly repay the Bank upon request for reasonable expenses actually incurred in connection with this Agreement that include, but are not limited to, filing, recording and search fees, appraisal fees, title report fees, and documentation fees.

4.3 Reimbursement Costs.

(a) The Borrower agrees to reimburse the Bank for any reasonable expenses it actually incurs in the preparation of this Agreement and any agreement or instrument required by this Agreement, Expenses include, but are not limited to, reasonable attorneys' fees actually incurred, including any allocated costs of the Bank's in-house counsel to the extent permitted by applicable law.

(b) The Borrower agrees to reimburse the Bank for the reasonable cost of periodic appraisals of the collateral, at such intervals as the Bank may reasonably require provided that so long as there is no event of default set forth in Section 10 of this Agreement that has occurred and is continuing, the Borrower will only be required to reimburse the Bank for one appraisal per calendar year. The actions described in this paragraph may be performed by employees of the Bank or by independent appraisers.

5 DISBURSEMENTS, PAYMENTS AND COSTS.

5.1 Disbursements and Payments.

- (a) Each payment by the Borrower will be made in U.S. Dollars and immediately available funds, without setoff or counterclaim Payments will be made by debit to a deposit account, if direct debit is provided for in this Agreement or is otherwise authorized by the Borrower. For payments not made by direct debit, payments will be made by mail to the address shown on the Borrower's statement, or by such other method as may be permitted by the Bank.
- (b) For any payment under this Agreement made by debit to a deposit account, the Borrower will maintain sufficient immediately available funds in the deposit account to cover each debit, If there are insufficient immediately available funds in the deposit account on the date the Bank enters such debit authorized by this Agreement, the Bank may reverse the debit,
- (c) Each disbursement by the Bank and each payment by the Borrower will be evidenced by records kept by the Bank In addition, the Bank may, at its discretion, require the Borrower to sign one or more promissory notes.
- (d) Prior to the date each payment of principal and interest and any fees from the Borrower becomes due (the "Due Date"), the Bank will send to the Borrower a statement of the amounts that will be due on that Due Date (the "Billed Amount"). The calculations in the bill will be made on the assumption that no new extensions of credit or payments will be made between the date of the billing statement and the Due Date, and that there will be no changes in the applicable interest rate, If the Billed Amount differs from the actual amount due on the Due Date (the "Accrued Amount"), the discrepancy will be treated as follows,
 - (i) If the Billed Amount is less than the Accrued Amount, the Billed Amount for the following Due Date will be increased by the amount of the discrepancy. The Borrower will not be in default by reason of any such discrepancy.
 - (ii) If the Billed Amount is more than the Accrued Amount, the Billed Amount for the following Due Date will be decreased by the amount of the discrepancy.

Regardless of any such discrepancy, interest will continue to accrue based on the actual amount of principal outstanding without compounding. The Bank will not pay the Borrower interest on any overpayment.

5.2 Borrower's Instructions.

- (a) The Bank may honor instructions for advances or repayments given by the Borrower (if an individual), or by any one of the individuals authorized to sign loan agreements on behalf of the Borrower, or any other individual designated by any one of such authorized signers (each an "Authorized Individual"). Any Authorized Individual may also provide instructions to the Bank for the designation of optional interest rates and/or the issuance of letters of credit, if such features are provided under this Agreement. The Bank may honor any such instructions made by any one of the Authorized Individuals, whether such instructions are given in writing or by telephone, telefax or Internet and intranet websites designated by the Bank with respect to separate products or services offered by the Bank. The Bank's obligation to act on such instructions is subject to the terms, conditions and procedures stated elsewhere in this Agreement.
- (b) Except as specified elsewhere in this Agreement, in following instructions from an Authorized Individual for advances or repayments, the Bank shall have the right, but not the obligation, to require that any advances be deposited in and repayments be withdrawn from a deposit account owned by the Borrower and held at the Bank. The Bank may require additional written authorization from the Borrower before processing advances or repayments except as provided in this subparagraph,
- (c) The Borrower will indemnify and hold the Bank harmless from all liability, loss, and reasonable costs actually incurred in connection with any act resulting from instructions the Bank reasonably believes are made by any Authorized Individual, whether such instructions are given in writing or by telephone, telefax or electronic communications (including e-mail, Internet and intranet websites), except to the extent that such liability, loss or costs result from the gross negligence or willful misconduct by the Bank, its officers, employees or agents as determined by a final non-appealable judgment or a court of competent jurisdiction. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.

5.3 Direct Debit.

- (a) The Borrower agrees that on the Due Date the Bank will debit the Billed Amount from deposit account number GA-334025804410 owned by the Borrower or such other of the Borrower's accounts with the Bank as designated in writing by the Borrower (the "Designated Account"),
- (b) The Borrower may terminate this direct debit arrangement at any time by sending written notice to the Bank at the address specified at the end of this Agreement,

5.4 Banking Days. Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on which dealings in dollar deposits are conducted among banks in the offshore dollar interbank market. All payments and disbursements which would be due on a day which is not a banking day will be due on the next banking day, All payments received on a day which is not a banking day will be applied to the credit on the next banking day.

5.5 Interest Calculation. Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a 360-day year and the actual number of days elapsed. This results in more interest or a higher fee than if a 365-day year is used Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid.

5.6 Default Rate. During the continuance of any event of default set forth in Section 10 of this Agreement (other than Section 10.1), all amounts outstanding under this Agreement, including any unpaid interest, fees, or costs, will at the option of the Bank bear interest at a rate which is 2.00 percentage point(s) higher than the rate of interest otherwise provided under this Agreement During the continuance of any event of default set forth in Section 10.1 of this Agreement or after maturity or after judgment has been rendered on any obligation under this Agreement, all amounts outstanding under this Agreement, including any unpaid interest, fees, or costs, will at the option of the Bank bear interest at a rate which is 4.00 percentage point(s) higher than the rate of interest otherwise provided under this Agreement. This may result in compounding of interest, This will not constitute a waiver of any event of default hereunder.

5.7 Additional Costs.

The Borrower will pay the Bank, on demand, for the Bank's costs or losses arising from any Change in Law which are allocated to this Agreement or any credit outstanding under this Agreement. The allocation will be made as determined by the Bank, using any reasonable method. The costs include, without limitation, the following;

- (a) any reserve or deposit requirements (excluding any reserve requirement already reflected in the calculation of the interest rate in this Agreement), and
- (b) any capital requirements relating to the Bank's assets and commitments for credit.

"Change in Law" means the occurrence, after the date of this Agreement, of the adoption or taking effect of any new or changed law, rule, regulation or treaty, or the issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority, provided that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued in connection with that Act, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

6. CONDITIONS.

Before the Bank is required to extend any credit to the Borrower under this Agreement, it must receive any documents and other items it may reasonably require, in form and content acceptable to the Bank, including any items specifically listed below.

- 6.1 Authorizations. If the Borrower or any guarantor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such guarantor of this Agreement and any instrument or agreement required under this Agreement have been duly authorized.
- 6.2 Governing Documents. If required by the Bank, a copy of the Borrower's organizational documents.
- 6.3 Security Agreements. Signed original security agreements covering the personal property collateral which the Bank requires.
- 6.4 Perfection and Evidence of Priority. Evidence that the security interests and liens in favor of the Bank are valid, enforceable, properly perfected in a manner acceptable to the Bank and prior to all others' rights and interests, except those the Bank consents to in writing. All title documents for motor vehicles which are part of the collateral must show the Bank's interest.
- 6.5 Landlord Agreement. For any personal property collateral located on real property which is subject to a mortgage or deed of trust or which is not owned by the Borrower (or the grantor of the security interest), an agreement from the owner of the real property and the holder of any such mortgage or deed of trust.
- 6.6 Payment of Fees. Payment of all fees and other amounts due and owing to the Bank, including without limitation payment of all accrued and unpaid expenses incurred by the Bank as required by the paragraph entitled "Reimbursement Costs."
- 6.7 Good Standing. Certificate of good standing for the Borrower from its state of formation.
- 6.8 Insurance. Evidence of insurance coverage, as required in the "Covenants" section of this Agreement.
- 6.9 Environmental Information. A completed Bank form Environmental Questionnaire.
7. REPRESENTATIONS AND WARRANTIES.

When the Borrower signs this Agreement, and until the Bank is repaid in full, the Borrower makes the following representations and warranties. Each request for an extension of credit constitutes a renewal of these representations and warranties as of the date of the request:

- 7.1 Formation. If the Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized.
- 7.2 Authorization. This Agreement, and any instrument or agreement required hereunder, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.
- 7.3 Enforceable Agreement. This Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable.
- 7.4 Good Standing. In each state in which the Borrower does business, it is properly licensed, (if required by such state's laws) and in good standing.
- 7.5 No Conflicts. This Agreement does not conflict with any law, material agreement, or material obligation by which the Borrower is bound.
- 7.6 Financial Information. All financial and other information that has been or will be supplied to the Bank is sufficiently complete to give the Bank accurate knowledge of the Borrower's (and any guarantor's) financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, or properties of the Borrower (or any guarantor).
- 7.7 Lawsuits. There is no lawsuit, tax claim or other dispute pending or threatened against the Borrower which, if lost, would impair the Borrower's financial condition or ability to repay the loan, except as have been disclosed in writing to the Bank.

7.8 Collateral. All collateral required in this Agreement is owned by the grantor of the security interest free of any title defects or any liens or interests of others, except those which have been approved by the Bank in writing.

7.9 Permits, Franchises. The Borrower possesses all permits, memberships, franchises, contracts and licenses required and all trademark rights, trade name rights, patent rights, copyrights and fictitious name rights necessary to enable it to conduct the business in which it is now engaged.

7.10 Other Obligations. The Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, the default on which would have a material adverse effect on the Borrower, except as have been disclosed in writing to the Bank.

7.11 Tax Matters. The Borrower has no knowledge of any pending material assessments or material adjustments of its income tax for any year and all taxes due have been paid, except as have been disclosed in writing to the Bank.

7.12 No Event of Default. There is no event which is, or with notice or lapse of time or both would be, an event of default under Section 10 of this Agreement.

7.13 Insurance. The Borrower has obtained, and maintained in effect, the insurance coverage required in the "Covenants" section of this Agreement.

7.14 ERISA Plans.

(a) Each Plan (other than a multiemployer plan) is in compliance in all material respects with ERISA, the Code and other federal or state law, including all applicable minimum funding standards and there have been no prohibited transactions with respect to any Plan (other than a multiemployer plan), which has resulted or could reasonably be expected to result in a material adverse effect,

(b) With respect to any Plan subject to Title IV of ERISA,

(i) No reportable event has occurred under Section 4043(c) of ERISA which requires notice.

(ii) No action by the Borrower or any ERISA Affiliate to terminate or withdraw from any Plan has been taken and no notice of intent to terminate a Plan has been filed under Section 4041 or 4042 of ERISA.

(c) The following terms have the meanings indicated for purposes of this Agreement:

(i) "Code" means the Internal Revenue Code of 1986, as amended,

(ii) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended,

(iii) "ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code,

(iv) "Plan" means a plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA,

8. COVENANTS.

The Borrower agrees, so long as credit is available under this Agreement and until the Bank is repaid in full:

8.1 Use of Proceeds.

(a) To use the proceeds of Facility No. 1 only for working capital, general corporate purposes and Permitted Acquisitions (as defined in Section 8.13 (b)),

8.2 Financial Information. To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as reasonably requested by the Bank from time to time, During the continuance of an event of default under Section 10 of this Agreement, the Bank reserves the right, upon written notice to the Borrower, to require the Borrower to deliver financial information and statements to the Bank more frequently than otherwise provided below, and to use such additional information and statements to measure any applicable financial covenants in this Agreement.

- (a) Copies of the Form 10-K Annual Report for the Borrower within 90 days after the date of filing with the Securities and Exchange Commission. The statements shall be prepared on a consolidated basis.
- (b) Copies of the Form 10-Q Quarterly Report for the Borrower within 45 days after the date of filing with the Securities and Exchange Commission. The statements shall be prepared on a consolidated basis.
- (c) Within 45 days of the end of each quarter, on a consolidated basis, a compliance certificate of the Borrower signed by an authorized financial officer, and setting forth whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement applicable to the party submitting the information and, if any such default exists, specifying the nature thereof and the action the party is taking and proposes to take with respect thereto.

8.3 Funded Debt to Adjusted EBITDA Ratio. To maintain on a consolidated basis a ratio of Funded Debt to Adjusted EBITDA not exceeding the ratios indicated for each period specified below.

<u>Period</u>	<u>Ratios</u>
From the date of this Agreement through December 30, 2013	1.5 : 1.0
From December 31, 2013 and thereafter	1 : 1.0

"Funded Debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities, including current and long-term debt, less the non-current portion of Subordinated Liabilities.

"EBITDA" means net income, less income or plus loss from discontinued operations and extraordinary items, plus income taxes, plus interest expense, plus depreciation, depletion and amortization.

"Adjusted EBITDA" means EBITDA plus non-cash share based compensation expense.

The ratio of Funded Debt to Adjusted EBITDA shall be calculated based upon the 12 month period then ended and shall be measured as of the end of each reporting period for which the Bank requires financial information set forth above.

"Subordinated Liabilities" means liabilities subordinated to Borrower's obligations to Bank in a manner acceptable to Bank, in its sole discretion.

8.4 Basic Fixed Charge Coverage Ratio. To maintain on a consolidated basis a Basic Fixed Charge Coverage Ratio of at least the ratios indicated for each period specified below.

<u>Period</u>	<u>Ratios</u>
From the date of this Agreement through December 30, 2013	1.25 : 1.0
From December 31, 2013 and thereafter	1.5 : 1.0

"Basic Fixed Charge Coverage Ratio" means the ratio of (a) the sum of EBITDA plus lease expense and rent expense, plus non-cash Employee Share-based Compensation Expense minus income tax paid, minus dividends, withdrawals, and other distributions, to (b) the sum of interest expense payable, lease expense, rent expense, the aggregate principal amount of all regularly scheduled principal payments, and the aggregate amount of all regularly scheduled capitalized lease payments.

"EBITDA" means net income, less income or plus loss from discontinued operations and extraordinary items, plus Income taxes, plus interest expense, plus depreciation, depletion and amortization,

This ratio will be calculated at the end of each period set forth above, using the results of the twelve-month period then ending. The current portion of long-term liabilities will be measured as of the date twelve (12) months prior to the current financial statement,

8.5 Bank as Principal Depository. To maintain the Bank or one of its affiliates as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.

8.6 Other Debts. Not to have outstanding or incur any direct or contingent liabilities or lease obligations (other than those to the Bank or to any affiliate of the Bank), or become liable for the liabilities of others, without the Bank's written consent. This does not prohibit.

- (a) Acquiring goods, supplies, or merchandise on normal trade credit,
- (b) Endorsing negotiable instruments received in the usual course of business,
- (c) Obtaining surety bonds in the usual course of business,
- (d) Liabilities, lines of credit and leases in existence on the date of this Agreement disclosed in writing to the Bank.
- (e) Additional debts and lease obligations for the acquisition of fixed assets, to the extent permitted elsewhere in this Agreement.

8.7 Other Liens. Not to create, assume, or allow any security interest or lien (including judicial liens) on property the Borrower now or later owns, except:

- (a) Liens and security interests in favor of the Bank or any affiliate of the Bank.
- (b) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings,
- (c) Liens outstanding on the date of this Agreement disclosed in writing to the Bank.
- (d) Additional purchase money security interests in assets acquired after the date of this Agreement.
- (e) Liens in respect of claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which secure obligations of not more than (30) days past due.
- (f) Liens in respect of judgments for the payment of money not constituting an event of default under Section 10.8 of this Agreement,

8.8 Maintenance of Assets.

- (a) Not to sell, assign, lease, transfer or otherwise dispose of any part of the Borrower's business or the Borrower's assets except in the ordinary course of the Borrower's business and except for dispositions of assets which are obsolete, worn-out, or no longer used or useful in the Borrower's business.
- (b) Not to sell, assign, lease, transfer or otherwise dispose of any assets for less than fair market value, or enter into any agreement to do so.
- (c) Not to enter into any sale and leaseback agreement covering any of its fixed assets.
- (d) To maintain and preserve all rights, privileges, and franchises that are material to the Borrower's business.
- (e) To make any repairs, renewals, or replacements to keep the Borrower's properties, which are material to its business, in good working condition.

8.9 Investments. Not to have any existing, or make any new, investments in any individual or entity, or make any capital contributions or other transfers of assets to any individual or entity, without the Bank's prior written consent, a final decision of which shall not be unreasonably delayed, except for,

- (a) Existing investments disclosed to the Bank in writing.
- (b) Investments in the Borrower's subsidiaries.
- (c) Investments in any of the following.
 - (i) certificates of deposit,
 - (ii) U.S. treasury bills and other obligations of the federal government;
 - (iii) readily marketable securities (including commercial paper, but excluding restricted stock and stock subject to the provisions of Rule 144 of the Securities and Exchange Commission).

8.10 Loans. Not to make any loans, advances or other extensions of credit to any individual or entity, except for,

- (a) Existing extensions of credit disclosed to the Bank in writing.
- (b) Extensions of credit to the Borrower's subsidiaries.
- (c) Extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to non-affiliated entities.

8.11 Change of Ownership. Not to cause, permit, or suffer any change in capital ownership such that there is a change of more than 25% in the direct or indirect capital ownership of the Borrower without the Bank's prior written consent, a final decision of which shall not be unreasonably delayed.

8.12 Additional Negative Covenants. Not to, without the Bank's prior written consent, a final decision of which shall not be unreasonably delayed.

- (a) Enter into any consolidation, merger, or other combination thereof, or become a member of a joint venture.
- (b) Acquire or purchase a business or its assets- other than Permitted Acquisitions.

"Permitted Acquisition" means an acquisition by the Borrower (the person or division, line of business or other business unit of the person to be acquired in such Acquisition shall be referred to herein as the "Target"), in each case so long as,

- (a) the Borrower has provided to the Bank pro forma financial statements and the Bank has in its sole discretion, approved of the form of the pro forma financial statement and determined from them that the acquisition or purchase will not violate or result in a violation of any of the covenants of this Agreement,
- (b) the Target (i) has a business that is similar and related to the Borrower's existing business and the assets to be purchased are useful and to be used in the Borrower's existing business, and (ii) shall have earnings before interest, taxes, depreciation and amortization for the four (4) fiscal quarter period prior to the acquisition date in an amount greater than \$0, and;
- (c) such acquisition shall not be a "hostile" Acquisition and shall have been approved by the board of directors (or equivalent) and/or shareholders (or equivalent) of the applicable Loan Party and the Target, and
- (d) the cost of such acquisition paid by the Borrower and its subsidiaries (i) in connection with any single Acquisition shall not exceed \$2,000,000 and (ii) for all Acquisitions made during the term of this Agreement shall not exceed \$2,000,000.00.

- (c) Engage in any business activities substantially different from the Borrower's present business.
- (d) Liquidate or dissolve the Borrower's business.
- (e) Voluntarily suspend the Borrower's business.

8.13 Notices to Bank. To promptly notify the Bank in writing of:

- (a) Any lawsuit over Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) against the Borrower or any Obligor.
- (b) Any substantial dispute between any governmental authority and the Borrower or any Obligor.
- (c) Any event of default under Section 10 of this Agreement, or any event which, with notice or lapse of time or both, would constitute an event of default under Section 10 of this Agreement.
- (d) Any material adverse change in the Borrower's or any Obligor's business condition (financial or otherwise), operations, properties, or ability to repay the credit.
- (e) Any change in the Borrower's or any Obligor's name, legal structure, principal residence (for an individual), state of registration (for a registered entity), place of business, or chief executive office if the Borrower or any Obligor has more than one place of business.

For purposes of this Agreement, "Obligor" shall mean any guarantor, or any party pledging collateral to the Bank, or, if the Borrower is comprised of the trustees of a trust, any trustor.

8.14 Insurance.

- (a) General Business Insurance. To maintain insurance reasonably satisfactory to the Bank as to amount and nature, in each case which are customary for companies of a similar size and nature to Borrower, and carrier covering property damage (including loss of use and occupancy) to any of the Borrower's properties, business interruption insurance, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for the Borrower's business. Each policy shall provide for at least 30 days prior notice to the Bank of any cancellation thereof.
- (b) Insurance Covering Collateral. To maintain all risk property damage insurance policies (including without limitation windstorm coverage, and hurricane coverage as applicable) covering the tangible property comprising the collateral. Each insurance policy must be for the full replacement cost of the collateral and include a replacement cost endorsement. The insurance must be issued by an insurance company acceptable to the Bank and must include a lender's loss payable endorsement in favor of the Bank in a form acceptable to the Bank.
- (c) Evidence of Insurance. Upon the request of the Bank, to deliver to the Bank a copy of each insurance policy, or, if permitted by the Bank, a certificate of insurance listing all insurance in force.

8.15 Compliance with Laws. To comply with the laws (including any fictitious or trade name statute), regulations, and orders of any government body with authority over the Borrower's business, The Bank shall have no obligation to make any advance to the Borrower except in compliance with all applicable laws and regulations and the Borrower shall fully cooperate with the Bank in complying with all such applicable laws and regulations.

8.16 Books and Records. To maintain adequate books and records.

8.17 Audits. To allow the Bank and its agents to inspect the Borrower's properties and examine, audit, and make copies of books and records during the regular business hours of the Borrower and upon prior written notice of at least 10 days. If any of the Borrower's properties, books or records are in the possession of a third party, the Borrower authorizes that third party to permit the Bank or its agents to have access to perform inspections or audits and to respond to the Bank's requests for information concerning such properties, books and records.

8.18 Perfection of Liens. To help the Bank perfect and protect its security interests and liens, and reimburse it for related reasonable costs it incurs to protect its security interests and liens.

8.19 Cooperation. To take any action reasonably requested by the Bank to carry out the intent of this Agreement.

9 HAZARDOUS SUBSTANCES.

9.1 Indemnity Regarding Hazardous Substances. The Borrower will indemnify and hold harmless the Bank from any loss or liability the Bank incurs in connection with or as a result of this Agreement, which directly or indirectly arises out of the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of a hazardous substance. This indemnity will apply whether the hazardous substance is on, under or about the Borrower's property or operations or property leased to the Borrower. The indemnity includes but is not limited to reasonable attorneys' fees actually incurred (including the reasonable estimate of the allocated cost of in-house counsel and staff). The indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys and assigns.

9.2 Compliance Regarding Hazardous Substances. The Borrower represents and warrants that the Borrower has complied with all current and future laws, regulations and ordinances or other requirements of any governmental authority relating to or imposing liability or standards of conduct concerning protection of health or the environment or hazardous substances.

9.3 Notices Regarding Hazardous Substances. Until full repayment of the loan, the Borrower will promptly notify the Bank in writing of any threatened or pending investigation of the Borrower or its operations by any governmental agency under any current or future law, regulation or ordinance pertaining to any hazardous substance.

9.4 Site Visits, Observations and Testing. The Bank and its agents and representatives will have the right at any reasonable time, after giving reasonable notice to the Borrower, to enter and visit any locations where the collateral securing this Agreement (the "Collateral") is located for the purposes of observing the Collateral, taking and removing environmental samples, and conducting tests. The Borrower shall reimburse the Bank on demand for the costs of any such environmental investigation and testing. The Bank will make reasonable efforts during any site visit, observation or testing conducted pursuant to this paragraph to avoid interfering with the Borrower's use of the Collateral. The Bank is under no duty to observe the Collateral or to conduct tests, and any such acts by the Bank will be solely for the purposes of protecting the Bank's security and preserving the Bank's rights under this Agreement. No site visit, observation or testing or any report or findings made as a result thereof ("Environmental Report") (i) will result in a waiver of any event of default under Section 10 of this Agreement by the Borrower, (ii) impose any liability on the Bank, or (iii) be a representation or warranty of any kind regarding the Collateral (including its condition or value or compliance with any laws) or the Environmental Report (including its accuracy or completeness). In the event the Bank has a duty or obligation under applicable laws, regulations or other requirements to disclose an Environmental Report to the Borrower or any other party, the Borrower authorizes the Bank to make such a disclosure. The Bank may also disclose an Environmental Report to any regulatory authority, and to any other parties as necessary or appropriate in the Bank's judgment. The Borrower understands and agrees that any Environmental Report or other information regarding a site visit, observation or testing that is disclosed to the Borrower by the Bank or its agents and representatives is to be evaluated (including any reporting or other disclosure obligations of the Borrower) by the Borrower without advice or assistance from the Bank.

9.5 Definition of Hazardous Substances. "Hazardous substances" means any substance, material or waste that is or becomes designated or regulated as "toxic," "hazardous," "pollutant," or "contaminant" or a similar designation or regulation under any current or future federal, state or local law (whether under common law, statute, regulation or otherwise) or judicial or administrative interpretation of such, including without limitation petroleum or natural gas.

9.6 Continuing Obligation. The Borrower's obligations to the Bank under this Article, except the obligation to give notices to the Bank, shall survive termination of this Agreement and repayment of the Borrower's obligations to the Bank under this Agreement.

10. DEFAULT AND REMEDIES.

If any of the following events of default occurs, the Bank may do one or more of the following- declare the Borrower in default, stop making any additional credit available to the Borrower, and require the Borrower to repay its entire debt immediately and without prior notice. If an event which, with notice or the passage of time, will constitute an event of default has occurred and is continuing, the Bank has no obligation to make advances or extend additional credit under this Agreement. In addition, if any event of default set forth below shall have occurred and be continuing, the Bank shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with this Agreement, as well as all rights and remedies available at law or in equity. If an event of default occurs under the paragraph entitled "Bankruptcy," below, with respect to the Borrower, then the entire debt outstanding under this Agreement will automatically be due immediately.

- 10.1 **Failure to Pay.** The Borrower fails to make a payment under this Agreement (a) when due with respect to any principal amount hereunder or (b) within 5 days after when due with respect to any interest, fees or other amounts owed hereunder,
- 10.2 **Other Bank Agreements.** Any default occurs under any other agreement the Borrower (or any Obligor) has with the Bank.
- 10.3 **Cross-default.** Any default occurs under any agreement in connection with any credit the Borrower (or any Obligor) has obtained from anyone else or which the Borrower (or any Obligor) has guaranteed, in any case which exceeds \$100,000.00, the effect of which default is to cause or to permit the holder of such indebtedness to cause, such indebtedness to become due prior to its stated maturity.
- 10.4 **False Information.** The Borrower or any Obligor has given the Bank materially false or misleading information or representations.
- 10.5 **Bankruptcy.** The Borrower or any Obligor files a bankruptcy petition, a bankruptcy petition is filed against any of the foregoing parties, or the Borrower or any Obligor makes a general assignment for the benefit of creditors.
- 10.6 **Receivers.** A receiver or similar official is appointed for a substantial portion of the Borrower's or any Obligor's business, or the business is terminated, or, if any Obligor is anything other than a natural person, such Obligor is liquidated or dissolved.
- 10.7 **Lien Priority.** The Bank fails to have an enforceable first lien (except for any prior liens to which the Bank has consented in writing) on or security interest in any property given as security for this Agreement (or any guaranty).
- 10.8 **Judgments.** Any judgments or arbitration awards are entered against the Borrower or any Obligor, or the Borrower or any Obligor enters into any settlement agreements with respect to any litigation or arbitration, in an aggregate amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) or more in excess of any insurance coverage.
- 10.9 **Material Adverse Change.** A material adverse change occurs, or is reasonably likely to occur, in the Borrower's (or any Obligor's) business condition (financial or otherwise), operations, properties or prospects, or ability to repay the credit, or the Bank determines that it is insecure for any other reason.
- 10.10 **Government Action.** Any government authority takes action that the Bank believes materially adversely affects the Borrower's or any Obligor's financial condition or ability to repay.
- 10.11 **Default under Related Documents.** Any event of default occurs under any guaranty, subordination agreement, security agreement, deed of trust, mortgage, or other document required by or delivered in connection with this Agreement and such, default remains uncured after any applicable cure period, or any guarantor purports to revoke or disavow its guaranty, or any representation or warranty made by any guarantor is false in any material respect when made or deemed to be made.
- 10.12 **ERISA Plans.** Any one or more of the following events occurs with respect to a Plan subject to Title IV of ERISA, provided such event or events could reasonably be expected, in the judgment of the Bank, to have a material adverse effect.
- (a) A reportable event shall occur under Section 4043(c) of ERISA.
- (b) Any Plan termination (or commencement of proceedings to terminate a Plan) or the full or partial withdrawal from a Plan under Section 4041 or 4042 of ERISA.
- 10.13 **Other Breach Under Agreement.** A default occurs under any other term or condition of this Agreement not specifically referred to in this Article. This includes any failure or anticipated failure by the Borrower (or any other party named in the Covenants section) to comply with the financial covenants set forth in this Agreement, whether such failure is evidenced by financial statements delivered to the Bank or is otherwise known to the Borrower or the Bank.

11 ENFORCING THIS AGREEMENT; MISCELLANEOUS.

11.1 GAAP. Except as otherwise stated in this Agreement, all financial information provided to the Bank and all financial covenants will be made under generally accepted accounting principles, consistently applied.

11.2 Governing Law. This Agreement is governed by and shall be interpreted according to federal law and the laws of Georgia. If state or local law and federal law are inconsistent, or if state or local law is preempted by federal law, federal law governs. If the Bank has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Bank of such rights and remedies as may be available under federal law.

11.3 Successors and Assigns. This Agreement is binding on the Borrower's and the Bank's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or, so long as there is no event of default under Section 10, with the consent of Borrower, assign this loan, and may exchange information about the Borrower (including, without limitation, any information regarding any hazardous substances) with actual or potential participants or assignees. If a participation is sold or, so long as there is no event of default under Section 10, with the consent of Borrower, the loan is assigned, the purchaser will have the right of set-off against the Borrower.

11.4 Dispute Resolution Provision. This paragraph, including the subparagraphs below, is referred to as the "Dispute Resolution Provision". This Dispute Resolution Provision is a material inducement for the parties entering into this agreement.

- (a) This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to (i) this agreement (including any renewals, extensions or modifications), or (ii) any document related to this agreement (collectively a "Claim"). For the purposes of this Dispute Resolution Provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this agreement.
- (b) At the request of any party to this agreement, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this agreement provides that it is governed by the law of a specified state.
- (c) Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, the Bank may designate another arbitration organization with similar procedures to serve as the provider of arbitration.
- (d) The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this agreement. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.
- (e) The arbitrator(s) will give effect to statutes of limitation in determining any Claim and shall dismiss the arbitration if the Claim is barred under the applicable statutes of limitation. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrators, except as set forth at subparagraph (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this agreement.
- (f) This paragraph does not limit the right of any party to (i) exercise self-help remedies, such as but not limited to, setoff, (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

- (g) The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.
- (h) Any arbitration or court trial (whether before a judge or jury) of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). The Class Action Waiver precludes any party from participating in or being represented in any class or representative action regarding a Claim. Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. **The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.**
- (i) By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury as permitted by law in respect of any Claim. Furthermore, without intending in any way to limit this Dispute Resolution Provision, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury to the extent permitted by law in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. **WHETHER THE CLAIM IS DECIDED BY ARBITRATION OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS AGREEMENT IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.**

11.5 Severability: Waivers. If any part of this Agreement is not enforceable, the rest of the Agreement may be enforced. The Bank retains all rights, even if it makes a loan after default, If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Agreement must be in writing.

11.6 Attorneys' Fees. The Borrower shall reimburse the Bank for any reasonable costs and attorneys' fees actually incurred by the Bank in connection with the enforcement or preservation of any rights or remedies under this Agreement and any other documents executed in connection with this Agreement, and in connection with any amendment, waiver, "workout" or restructuring under this Agreement. In the event of a lawsuit or arbitration proceeding, the prevailing party is entitled to recover costs and reasonable attorneys' fees actually incurred in connection with the lawsuit or arbitration proceeding, as determined by the court or arbitrator. In the event that any case is commenced by or against the Borrower under the Bankruptcy Code (Title 11, United States Code) or any similar or successor statute, the Bank is entitled to recover costs and reasonable attorneys' fees incurred by the Bank related to the preservation, protection, or enforcement of any rights of the Bank in such a case. As used in this paragraph, "attorneys' fees" includes the allocated costs of the Bank's in-house counsel.

11.7 Set-Off.

- (a) In addition to any rights and remedies of the Bank provided by law, upon the occurrence and during the continuance of any event of default under Section 10 of this Agreement the Bank is authorized, at any time, to set off and apply any and all Deposits of the Borrower or any Obligor held by the Bank or its affiliates against any and all Obligations owing to the Bank. The set-off may be made irrespective of whether or not the Bank shall have made demand under this Agreement or any guaranty, and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable. Deposits and without regard for the availability or adequacy of other collateral. Any Deposits may be converted, sold or otherwise liquidated at prevailing market prices in order to effect such set-off.
- (b) The set-off may be made without prior notice to the Borrower or any other party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Obligor) to the fullest extent permitted by law. The Bank agrees promptly to notify the Borrower after any such set-off and application, provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.
- (c) For the purposes of this paragraph, "Deposits" means any deposits (general or special, time or demand, provisional or final, individual or joint) as well as any money, instruments, securities, credits, claims, demands, income or other property, rights or interests owned by the Borrower or any Obligor which come into the possession or custody or under the control of the Bank or Its affiliates. "Obligations" means all obligations, now or hereafter existing, of the Borrower to the Bank under this Agreement and under any other agreement or instrument executed in connection with this Agreement, and the obligations to the Bank of any Obligor.

11.8 One Agreement. This Agreement and any related security or other agreements required by this Agreement, collectively,

- (a) represent the sum of the understandings and agreements between the Bank and the Borrower concerning this credit;
- (b) replace any prior oral or written agreements between the Bank and the Borrower concerning this credit, and
- (c) are intended by the Bank and the Borrower as the final, complete and exclusive statement of the terms agreed to by them,

In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail. Any reference in any related document to a "promissory note" or a "note" executed by the Borrower and dated as of the date of this Agreement shall be deemed to refer to this Agreement, as now in effect or as hereafter amended, renewed, or restated.

11.9 Indemnification. Absent the gross negligence or willful misconduct of the Bank, its officers, employees, or agents, successors or assigns (as determined by a final non-appealable court of competent jurisdiction), the Borrower will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind relating to or arising directly or indirectly out of (a) this Agreement or any document required hereunder, (b) any credit extended or committed by the Bank to the Borrower hereunder, and (c) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit. This indemnity includes but is not limited to attorneys' fees (including the allocated cost of in-house counsel). This indemnity extends to the Bank, its parent, subsidiaries, affiliates and all of their directors, officers, employees, agents, successors, attorneys, and assigns. This indemnity will survive repayment of the Borrower's obligations to the Bank. All sums due to the Bank hereunder shall be obligations of the Borrower, due and payable promptly upon demand.

11.10 Notices. Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax numbers listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing. Notices and other communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

11.11 Headings. Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

11.12 Counterparts. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement (or of any agreement or document required by this Agreement and any amendment to this Agreement) by telecopy or other electronic imaging means shall be as effective as delivery of a manually executed counterpart of this Agreement, provided, however, that the telecopy or other electronic image shall be promptly followed by an original if required by the Bank.

11.13 Borrower Information Reporting to Credit Bureaus. The Borrower authorizes the Bank at any time to verify or check any information given by the Borrower to the Bank, check the Borrower's credit references, verify employment, and obtain credit reports. The Borrower agrees that the Bank shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to the Borrower and/or all guarantors as is consistent with the Bank's policies and practices from time to time in effect.

11.14 "Interest" Limited. As used in this Agreement the term "interest" does not include any fees (including, but not limited to, any loan fee, periodic fee, unused commitment fee or waiver fee) or other charges imposed on the Borrower in connection with the indebtedness evidenced by this Agreement, other than the interest described above. In no event shall the amount or rate of interest due and payable under this Agreement exceed the maximum amount or rate of interest allowed by applicable law and, in the event any such excess payment is made by the Borrower or received by the Bank, such excess sum shall be credited as a payment of principal (or if no principal shall remain outstanding, shall be refunded to the Borrower). It is the express intent hereof that the Borrower not pay and the Bank not receive, directly or indirectly, interest in excess of that which may be lawfully paid under applicable law including the usury laws in force in the State of Georgia.

The Borrower executed this Agreement as of the date stated at the top of the first page, intending to create an instrument executed under seal.

Bank.

Bank of America, N A.

By: Joel Collins, Officer
Authorized Signer, Officer
Joel Collins, Officer

Borrower

MIMEDX GROUP, INC.

By: Michael J. Senken (Seal)
Michael J. Senken, Chief Financial Officer

Address where notices to MiMedx Group, Inc, are to be sent:

60 Chastain Center Boulevard, Suite 60
Kennesaw, GA 30144

Telephone: _____
Facsimile _____

Address where notices to the Bank are to be sent:

Doc Retention - GCF
M01-800-08-11
800 Market Street, 8th Floor
St. Louis, MO 63101-2510

Facsimile: (866) 255-9922

Federal law requires Bank of America, N.A. (the "Bank") to provide the following notice. The notice is not part of the foregoing agreement or instrument and may not be altered. Please read the notice carefully.

(1) USA PATRIOT ACT NOTICE

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. The Bank will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. The Bank may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

PRESS RELEASE Contact: Michael Senken

Phone: (678) 384-6720

MiMedx Secures a \$3.0 Million Revolving Line of Credit with Bank of America

KENNESAW, Georgia, May 20, 2013 (PR Newswire) – MiMedx Group, Inc. (NASDAQ: MDXG), an integrated developer, manufacturer and marketer of patent protected regenerative biomaterials and bioimplants processed from human amniotic membrane, announced today that it has secured a revolving line of credit with Bank of America. The revolving line of credit facility, which is secured by the Company's accounts receivable and inventory, allows MiMedx to borrow up to \$3.0 million through May 1, 2014. The facility will be used for general corporate purposes.

About the Company

MiMedx® is an integrated developer, manufacturer and marketer of patent protected regenerative biomaterial products and bioimplants processed from human amniotic membrane. "***Innovations in Regenerative Biomaterials***" is the framework behind our mission to give physicians products and tissues to help the body heal itself. Our biomaterial platform technologies include the device technologies HydroFix® and CollaFix™, and our tissue technologies, AmnioFix® and EpiFix®. Our tissue technologies are processed from human amniotic membrane that is derived from the donated placentas. Through our donor program, mothers delivering full-term Caesarean section births can elect in advance of delivery to donate the placenta in lieu of having it discarded as medical waste. We process the human amniotic membrane utilizing our proprietary Purion® Process, to produce a safe, effective and minimally manipulated implant for homologous use. MiMedx® is the leading supplier of amniotic tissue, having supplied over 150,000 allografts to date to distributors and OEMs for application in the Wound Care, Surgical, Sports Medicine, Ophthalmic and Dental sectors of healthcare.
