



**SC Launch, Inc.
Financing Agreement for Promissory Note**

TODAY'S DATE

CLIENT, LLC:

At your earliest convenience, please review the following Financing Agreement for a SC Launch, Inc. investment. If you would like to discuss this, please contact your Regional Manager.

Please note some important items:

- Only the SC Launch, Inc. Board of Directors can approve financing to SC Launch companies. The SC Launch team selects and prepares companies to present to the SC Launch, Inc. Board of Directors.
- Financing amounts are typically up to \$200,000 and may include matching requirements. The financing amount and matching requirement(s) are determined by the SC Launch, Inc. Board of Directors. The SC Launch team may provide recommendations to the SC Launch, Inc. Board of Directors for funding amounts and requirements. You should consult with your SC Launch team POC to determine your requested financing amount.
- Entering into due diligence with SC Launch does not guarantee the opportunity to present to the SC Launch, Inc. Board of Directors. At any time during the due diligence process, the SC Launch team may postpone a company's presentation if the SC Launch team does not anticipate a successful result at the SC Launch, Inc. Board of Directors' meeting.
- If approved to present to the SC Launch, Inc. Board of Directors, please anticipate the following timeline.
 - Approximately 4 weeks prior to the SC Launch, Inc. Board of Directors meeting, you will meet with the SC Launch team for a preliminary review. This is a one hour meeting in which you will do a run through of your presentation. This is an opportunity to resolve any questions concerning the presentation, financials or other issues.
 - Next, we will be scheduling a board screen two to three weeks before the SC Launch, Inc. Board of Directors meeting. At the board screen you will present the final slide deck to one to two SC Launch, Inc. Board members. The presentation will mimic exactly how you would present to the entire SC Launch, Inc. Board of Directors. This process allows you the opportunity to prepare for the full board meeting as well as make any edits to the presentation based on the participating board member's feedback.
 - Participation in the SC Launch, Inc. Board of Directors meeting is pending the participating board members' recommendations and approval. If approved, you must submit the final slide deck by two weeks before the full board meeting date.

Once you submit the final slide deck, you cannot change or make any edits to the presentation.

- Currently, if you are selected to present in front of the Board, your company will be scheduled to present at the **DATE** SC Launch, Inc. Board of Directors' meeting.

Do not hesitate to contact me with any questions concerning the due diligence request or the following financing agreement.

All the best,

Julia Linton, Program Administrator SC Launch

DRAFT

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (“Agreement”) is made as of the ___ day of _____, 2016, by and between SC LAUNCH!, INC., a South Carolina nonprofit corporation (“SC Launch”) with an office at 1000 Catawba Street, Columbia, South Carolina 29201, and _____ (the “Company”), a limited liability company under the laws of the state indicated on Schedule I (the “State of Organization”), with an office at the address set forth on Schedule I.

WITNESSETH

WHEREAS, the Company is engaged in the business described on Schedule I (the “Company Business”) and has need of capital financing to sustain and expand the Company Business; and

WHEREAS, SC Launch has been incorporated exclusively for scientific, educational, charitable and other public purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to support the mission of the South Carolina Research Authority under South Carolina Code § 13-17-87 to establish research innovation centers and provide financing to qualified companies; and

WHEREAS, the Company has been admitted as a qualified company to one of SC Launch’s centers and desires for SC Launch to provide capital financing to the Company in accordance with the terms and conditions of this Agreement, and SC Launch has approved the Company to receive such financing.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and SC Launch agree as follows:

ARTICLE I THE SECURITIES

1.1 Note. The Company agrees to issue to SC Launch a promissory note in the form attached hereto as Exhibit A (the “Note”) in the face amount set forth on Schedule I; and SC Launch agrees to make an initial advance (an “Advance”) to the Company under the Note in the amount set forth on Schedule I, and SC Launch may in its sole discretion in the future make additional Advances under the Note, any of which may be made in cash or in consideration of cancellation by SC Launch of the principal and interest payable by the Company to SC Launch under existing indebtedness, if any, or any combination thereof. The Company further agrees to use the initial Advance only for the uses set forth on Schedule I, and to use any future Advances only for any uses specified by SC Launch at the time of the Advance. This Agreement, the Note and all other documents and instruments executed by the Company which may be reasonably

required by SC Launch are hereinafter sometimes referred to collectively as the “Financing Documents.”

1.2 Possible conversion to equity. Upon a conversion of the Company into a corporation and at the request of SC Launch, the Company agrees to negotiate in good faith with SC Launch over terms by which the principal and interest outstanding under the Note will be convertible into preferred stock of the Company (any such stock, together with the Note, are hereafter referred to as the “Securities”) with the basis for such negotiations to be the terms under which SC Launch provides financing to corporations at the time of the conversion.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE COMPANY

2.1 Complete disclosure. In order to induce SC Launch to enter into and execute this Agreement and to make the initial Advance and any future Advances under the Note, the Company represents and warrants to SC Launch, as of the date hereof and as of any future date on which the Company accepts an Advance from SC Launch, that no representation or warranty of the Company contained in this Agreement or any of the Financing Documents, and no statement contained in any certificate, schedule, list, financial statement or other instrument, document or communication furnished to SC Launch by or on behalf of the Company, taking into consideration the total mix of information made available, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein not misleading .

2.2 Survival. All warranties and representations of the Company contained herein shall survive the execution of this Agreement and the issuance of the Note and any Advances thereunder.

ARTICLE III COVENANTS OF THE COMPANY

3.1 Affirmative covenants. The Company will at all times while any of the Securities are outstanding:

A. Financial and business information. Deliver the following to SC Launch:

(i) Quarterly statements. As soon as practicable, and in any event within forty-five (45) days after the close of each of the first three fiscal quarters of each fiscal year of the Company, balance sheets, statements of income and statements of cash flows of the Company as of the close of such quarter and covering operations for such quarter and for the portion of the Company’s fiscal year ending on the last day of such quarter, all in reasonable detail and prepared in accordance with generally accepted accounting principles in the United States, consistently applied from period to period and within each period (“GAAP”), subject to year-end adjustments.

(ii) Annual statements. As soon as practicable after the end of each fiscal year of the Company, and in any event within 120 days thereafter, duplicate copies of:

(a) Consolidated and consolidating balance sheets of the Company at the end of such year; and

(b) Statements of income, members' equity and cash flows of the Company for such year,

all in reasonable detail and prepared in accordance with GAAP and accompanied by a review opinion of independent certified public accountants of recognized standing selected by the Company.

(iii) Correspondence with reviewing accountants. Promptly following receipt or transmission thereof, any correspondence to or from the Company's accountants in connection with any material change in the Company's financial statements or condition, or any disagreement or dispute with the accountants.

(iv) Meetings and communications. Provide SC Launch with a copy of all written notices of meetings of the governing body or the members of the Company and all materials or communications provided generally to the governing body or members, including, without limitation, forms of actions without meeting, all at the same time such notices, materials, communications or forms are provided to the governing body or members; and permit representatives of SC Launch to attend any and all meetings of the governing body or members.

(v) Requested information. With reasonable promptness, the Company shall furnish SC Launch with such other data and information as from time to time may be reasonably requested.

B. Access. Permit SC Launch and its duly authorized agents reasonable access to the Company's offices, property and assets and shall make available for audit and inspection, at any reasonable time by SC Launch, or its duly authorized agents, all property, equipment, books, contracts, records and other papers relating to the Company as may be reasonably requested in writing by SC Launch.

C. Notices. Promptly give to SC Launch written notice of:

(i) any default or event of default under any contractual obligation of the Company;

(ii) any litigation or similar proceeding affecting the Company; or

(iii) any event or circumstance which has had, or is reasonably likely to have, a material adverse effect on the Company or the Company Business.

D. Further assurances. Execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions of this Agreement and the other Financing Documents and all of the transactions contemplated hereby.

3.2 Negative covenants. The Company will not for so long as the Note is outstanding, without prior written consent of SC Launch:

A. Capital transactions and Status Changes. Enter into any merger, consolidation, share exchange, reorganization or recapitalization, or liquidate, sell, lease, transfer, or otherwise dispose of all or any substantial part of its assets, whether now owned or hereafter acquired, or change its jurisdiction of organization or its legal or tax status.

B. Organizational documents. Amend, modify or change its articles of organization or operating agreement.

C. Related party transactions. Engage in transactions in which any manager, director, officer or promoter of the Company, or any member who owns more than ten percent (10%) of any class of the Company's outstanding membership interests, or any relative or spouse of any of the foregoing, or any relative of such spouse, or any entity or organization that is affiliated with or controlled by any of the foregoing, has a direct or indirect interest (a "Related Interest"), except (i) transactions for which the material facts of the transaction and the Related Interest were disclosed or known to the governing body of the Company, and a majority of the members of the governing body, who are not employees of the Company and who have no Related Interest, approved the transaction, but a transaction may not be approved by a single person; (ii) compensation paid to employees in amounts as disclosed on Schedule I; (iii) reimbursements for properly documented, ordinary and customary business expenses; or (iv) employee benefits provided generally to all employees of the Company. The term "transactions" for purposes of this provision includes, without limitation, any form of compensation, such as the grant of any option, warrant or right, or exercisable, exchangeable or convertible security, and any personal use of corporate assets or other perquisites.

3.3 Relocation.

A. Company relocation. The Company acknowledges that funds are made available to it under this Agreement in whole or in part for the purpose of economic development for the State of South Carolina and particularly for generating professional research and development jobs in South Carolina. Accordingly, the Company agrees for a period of five years from the date of this Agreement, not to (a) move or relocate the Company Business or the Company's principal office or principal place of business outside the State of South Carolina, and (b) not to have more than one-half, based on payroll expenses, of the Company's total employees, or senior management employees, or employees engaged principally in professional research and development, employed at locations outside of the State of South Carolina (any of which shall be deemed a "Company Relocation"), unless the Company has paid SC Launch a Relocation Fee as set forth below.

B. Relocation fee. The “Relocation Fee” will be an amount equal to the aggregate amount of all funds advanced by SC Launch to the Company. SC Launch will continue to retain any Securities or other interests it holds in the Company after payment of such fee and this Agreement will continue in full force and effect. The parties acknowledge that the costs to SC Launch, including both tangible and intangible costs, of a Company Relocation are not susceptible to precise measurement. The parties hereby agree that the Relocation Fee is not a penalty, but rather, a good-faith estimate of the amount necessary to compensate SC Launch for its actual costs in connection with a Company Relocation.

C. Costs and fees. Should SC Launch, at its sole option, elect to employ the services of any attorney at law to represent it in the enforcement of the Company’s obligations under this Section 3.3, the Company will reimburse SC Launch the reasonable fees and expenses of said attorneys and any court costs.

3.4 Sale of Company.

A. Effect of sale. Upon any Sale of the Company (as defined below) while the Note is outstanding, the Note shall be immediately due and payable in full. In addition, if there is a Sale of the Company while the Note is outstanding or within a period of one year after payment in full of the Note, the Company agrees to promptly pay to SC Launch a Sale of Company Fee (as defined below).

B. Sale of the Company. A “Sale of the Company” shall include and shall be deemed to have occurred upon a single transaction or a series of related transactions resulting in (a) a change of Control (as defined below) of the Company; or (b) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company. “Control” shall mean: (a) ownership, directly or indirectly, by a person, entity or group acting in concert of equity interests entitling it to exercise in the aggregate more than 50% of the voting power of the Company; or (b) the possession of a person, entity or group acting in concert of the power, directly or indirectly: (i) to elect a majority of the board of directors (or equivalent governing body) of the Company; or (ii) to direct or cause the direction of the management and policies of or with respect to the Company, whether through ownership of interests, by contract or otherwise.

C. Sale of Company Fee. The “Sale of Company Fee” shall be an annual fee of fifteen percent (15%) per annum of the outstanding principal balance of the Note from time to time, compounded monthly, computed from the date of the Note until the Sale of the Company, fully earned as the date of the Note, and payable in full (including for any partial year) upon a Sale of the Company; provided if the Sale of the Company is more than one year after payment of the principal and all interest under the Note, no Sale of Company Fee shall be due. The Sale of Company Fee shall be in addition to any Relocation Fee payable by the Company under the terms of this Agreement and any rights of SC Launch to interest or other payments or benefits under the terms of the Note. SC Launch will continue to retain any Securities or other interests it holds (other than the Note) in the Company after payment of the Sale of Company Fee and this Agreement will continue in full force and effect.

D. Costs and fees. Should SC Launch, at its sole option, elect to employ the services of any attorney at law to represent it in the enforcement of the Company's obligations under this Section 3.4, the Company will reimburse SC Launch the reasonable fees and expenses of said attorneys and any court costs.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SC LAUNCH

4.1 General representations and warranties from SC Launch. SC Launch represents and warrants to the Company as follows:

A. Investment; no resale or distribution. It is acquiring or will acquire the Securities for its own account, for investment, and not with a view towards the resale, transfer, or distribution thereof, nor with any present intention of distributing the Securities.

B. Accredited investor; residence. It is an "Accredited Investor" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended. Its principal office is located within the State of South Carolina.

ARTICLE V COVENANTS OF SC LAUNCH

5.1 Compliance with securities laws. SC Launch will not, directly or indirectly, sell any of the Securities, unless such sale is made pursuant to either (i) an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws or (ii) an available exemption from the registration requirements of the Securities Act and such laws and, prior to any such sale, SC Launch provides to the Company a written opinion of legal counsel reasonably satisfactory in form and substance to the Company to the effect that the proposed sale may be effected without registration under the Securities Act and any applicable state securities laws.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

6.1 Events of default. Each of the following shall constitute an "Event of Default", whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental authority or otherwise:

A. Payment. If the Company shall fail to pay the principal of or interest on the Note when due, and shall fail to cure such failure within five (5) business days after notice from SC Launch specifying the failure;

B. Representations and warranties. If any representation or warranty made by the Company herein shall have been materially incorrect when made;

C. Covenants and obligations. If the Company shall breach or fail to comply with any of the covenants, terms and conditions of, or any of its obligations (other than payment defaults as set forth above) under, this Agreement or any of the Financing Documents, all of which are cumulative to this Agreement and to each other, and shall fail to cure such breach or failure within thirty (30) days after notice from SC Launch specifying the default or failure; or

D. Insecurity. If while the Note is outstanding, SC Launch deems itself insecure or the prospect of payment of the Note or continued existence of the Company Business or performance of the Company's obligations is impaired for any reason whatsoever, including, but not limited to, termination of employment of any key employee, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against, the Company, or entry of any judgment against the Company.

6.2 Remedies. Upon the occurrence of any Event of Default, and at any time thereafter, SC Launch may, at its option, without presentment, demand, notice of dishonor, or protest, declare the Note immediately due and payable in full. All powers and remedies given herein to SC Launch shall be cumulative and not exclusive of any other right or remedy or any other powers and remedies available to SC Launch at law or in equity, by judicial proceeding or otherwise, to enforce the performance or observance of the covenants and agreements of the Company contained in this Agreement, and no delay or omission of SC Launch to exercise any right or power accruing upon any default occurring shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given herein or by law to SC Launch may be exercised from time to time, and as often as may be deemed expedient, by SC Launch.

ARTICLE VII MISCELLANEOUS

7.1 Waiver. No waiver at any time of the provisions or conditions of this Agreement or of any of the other Financing Documents shall be construed as a waiver of any of the other provisions or conditions hereof or thereof, nor shall a waiver of any provision or condition be construed as a right to subsequent waiver of the same provision or condition.

7.2 Severability. Unenforceability for any reason of any provision of this Agreement, or of any of the Financing Documents or other agreements between the Company and SC Launch shall not limit the operation or validity of any other provisions of this Agreement, any of the Financing Documents or any other agreement.

7.3 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party hereto shall be in writing and delivered personally or sent by registered or certified mail (return receipt requested) or by any overnight express mail service, postage or fees prepaid to the addresses set forth in the preamble to this Agreement. Either party

may change the address to which notices, requests, demands, claims, or other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

Any notice which is delivered personally in the manner provided herein is deemed to have been duly given to the party to whom it is directed upon actual receipt by such party or its agent. Any notice which is addressed and mailed by registered or certified mail in the manner herein provided is conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the fourth business day after the day it is so placed in the mail or, if earlier, at the time of actual receipt. Any notice which is addressed and mailed by overnight express mail service in the manner herein provided is conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the next business day following delivery of such notice to such overnight express mail service prior to such service's deadline for next day delivery.

7.4 Time of the essence. The parties hereto agree that time is of the essence to this Agreement.

7.5 Binding effect. Except as otherwise expressly provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of SC Launch and the Company, and their respective successors, transferees and assigns.

7.6 Governing law; forum. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina without reference to the conflicts or choice of law principles thereof. Any civil action arising out of or in connection with this Agreement will be instituted and maintained exclusively in the state or federal courts located within the State of South Carolina and each of the parties hereto consents to the personal jurisdiction of such courts.

7.7 Titles and captions. Titles and captions of Articles, Sections and subsections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

7.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement.

7.9 Conflicts. In the event of any conflict between the terms and provisions contained in this Agreement and the Note, the Note shall control. In the event of any conflict between the terms and provisions contained in this Agreement and any other of the Financing Documents, this Agreement shall control.

7.10 Termination of Agreement. Except as otherwise specifically provided herein, the provisions hereof, including all covenants, shall continue in full force and effect until the repurchase or redemption by the Company of all securities of the Company held by SC Launch or its successors or assigns, and payment of fees, including the Sale of Company Fee and Relocation Fee to the extent applicable, and performance of all other obligations owed SC Launch hereunder.

7.11 Limitation of liability. SC Launch will not under any event in connection with this Agreement be liable for any consequential, incidental, special, punitive or other indirect damages of the Company or any other person.

7.12 Disclaimer of agency and fiduciary duty. The Company acknowledges and agrees that SC Launch exercising its rights under this Agreement as a holder of securities of the Company will not have any obligation, or be liable, to the Company or any other person, or be obligated to consider the interests of the Company or any other person, in exercising such rights.

7.13 Publicity. The Company will provide SC Launch with preliminary drafts of any publicity releases and will consult with SC Launch before making publicity releases. The Company will not, without first receiving prior written permission from SC Launch, use or distribute the name or marks, refer to, or identify SC Launch or its affiliates in publicity releases, interviews, promotional or marketing materials, announcements, customer listings or advertising (the foregoing include, but are not limited to, websites, social media, and any and all written documentation) or disclose the existence or terms and conditions of this Agreement or the existence of a relationship between the parties.

7.14 Entire agreement. This Agreement together with the Financing Documents are intended to supersede all prior agreements, representations and understandings between or among any of the parties hereto relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

WITNESSES

SC LAUNCH!, INC.

By: _____

[NAME OF COMPANY]

By _____

Exhibit A

This Note has not been registered under the Securities Act of 1933, as amended (the “Act”), and may not be sold and no such transaction will be registered on the books of the Company unless: (a) the sale has been registered under said Act, or (b) the Company is presented with a written opinion of counsel in form and substance acceptable to the Company, to the effect that such registration is not required under the circumstances of such sale.

The transfer of this Note by any holder is restricted under the terms of a financing agreement between the Company and the original holder of the Note.

\$ _____

[Name of Issuer]

_____, South Carolina
_____, 2015

Promissory Note

Due _____, 20___ [3 years from issuance]

_____, a _____ limited liability company, (the “Company”), for value received, promises to pay to SC Launch!, Inc. or its assigns, the sum of \$_____, or whatever portion thereof shall be advanced by SC Launch!, Inc. to the Company, on _____, 20___ (this date and any extended maturity date under the terms hereof are referred to hereafter as the “maturity date”), and to pay interest as set forth herein at an annual rate equal to the higher of: (a) the prime rate (as published in the Market Data section of *The Wall Street Journal*) plus two percent (2.00%), but in no event higher than ten percent (10.00%), or (b) five percent (5.00%), on the outstanding balance, compounded monthly, computed from the date of this Note until payment of the principal and all interest under this Note has been made. The initial interest rate will be based on the prime rate first published on or after the most recent January 1 or July 1, and will be adjusted biannually thereafter based on the first publication of the prime rate on or after January 1 and July 1 each year. Payment of principal and interest shall be made in lawful money of the United States of America at 1000 Catawba Street, Columbia, South Carolina 29201, or such other place or to such other party or parties as the holder of this Note may from time to time designate.

1. Financing agreement. This Note is issued under and is subject to the terms of a separate financing agreement (the “Financing Agreement”) dated the same date hereof between the Company and SC Launch!, Inc. The terms and conditions of the Financing Agreement are incorporated into this Note by reference as if fully repeated herein.

2. Extension of maturity date; demand for payment. At any time the holder of this Note may, in its sole discretion, by notice to the Company:

- (a) extend the maturity date to any date designated by the holder; or

(b) extend the maturity date to any date designated by the holder and demand that the Company begin to immediately make monthly payments of interest to the holder beginning with the prior maturity date and continuing on the same date of each month thereafter, with such interest based on the combined principal and accrued interest balance outstanding under this Note on the prior maturity date.

3. Payments. The Company will make any payments demanded by the holder in accordance with the preceding Section 2 above. Payments shall be applied first to any interest due and then to principal. Prepayment of principal and interest by the Company is permitted without penalty.

IN WITNESS WHEREOF, the Company has signed and sealed this Note effective as of the _____ day of _____, 2016.

[NAME OF ISSUER]

Corporate
Seal or
Facsimile

President

Secretary

Schedule I to Financing Agreement

Name of Company:

State of Organization:

Street address:

Description of business:

Face amount of note:

Amount of initial advance:

Uses of initial advance:

Existing written compensation agreements with related parties and amounts of compensation to be paid to such parties (see Section 3.2C):