

# FRANCHISE DISCLOSURE DOCUMENT

## DA VI NAILS SALON AND SPA, L.L.C.

A Utah limited liability company  
("Da Vi Nails" or "Franchisor")

1559 West 3860 South  
West Valley City, UT 84119  
Tel. 801-596-1180

Email: customerservice@davinails.com Webpage: davinails.com



A Da Vi Nails franchise is either (1) a nail salon business operated under the name "Da Vi Nails" or (2) a beauty salon business operated under the name "Em Lash Studios", usually in a Walmart center under sub-leasing arrangements through Da Vi Nails Salon and Spa, L.L.C.

The total investment necessary to begin a franchise operation as either a Da Vi Nails or an Em Lash Studio is \$61,150 to \$143,500 depending on size and desirability of the location. Of this amount, \$56,500 to \$120,000 will be paid to the Franchisor or an affiliate. Current franchisees under the Da Vi Nails name will have a right of first refusal on any Em Lash Studio opportunities which become available in their same locations.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact customer service at 1559 West 3860 South, West Valley City, UT 84119, by telephone at 801-596-1180 or fax at 801-596-3033, or by email to vi.cao@davinails.com.

The terms of your Franchise Agreement will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your Franchise Agreement and other documents carefully. Show your Franchise Agreement, other documents and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: December 8, 2023

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these Statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Da Vi Nails or EM Lash business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Da Vi Nails or EM Lash franchisee?</b>	Item 20 or Exhibits F & F-11 list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by non-binding mediation in Utah. It also provides that any litigation must take place in Utah. Out-of-state mediation and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate with us in Utah than in your own state. See state addendums to this document and the franchise agreement.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
3. **Debt Owed from Parent or Affiliate.** The franchisor's financial statements show that it is owed a substantial amount of money from an affiliated or parent company. If the parent or affiliate cannot pay these debts, the franchisor may not have the financial resources to provide services or support you.
4. **Dependence on Master Lease.** If our master lease agreement with Walmart terminates at your location, you will lose your rights to your location and your franchise agreement will terminate without further liability for the franchisor.
5. **Minimum Monthly Royalty.** You must pay us minimum royalty fees of from \$300 to \$700 each month, even if the franchise has no revenue.
6. **Use of Questionnaires.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision  
Certain states may require other risks to be highlighted. Check the "state specific addenda and exhibits to see whether your state requires other risks to be highlighted.



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EXHIBIT N– North Dakota Addendum

EXHIBIT O – South Dakota Addendum

EXHIBIT P– Virginia Addendum

EXHIBIT Q – Washington Addendum

RECEIPTS

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

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To simplify the language in this Disclosure Document, the words “we,” “us,” “our” and **Da Vi Nails** refer to Da Vi Nails Salon and Spa, L.L.C., which is the Franchisor. We conduct business under the names and marks “Da Vi Nails” and “Em Lash Studios” and do not conduct business under any other name. “**You**” means the persons who buy a franchise, or if a business entity, it refers to the business entity, and not the owners, partners or members of that entity.

## The Franchisor

We are a limited liability company organized under the laws of the state of Utah on January 11, 2010, doing business as Da Vi Nails. On February 4, 2010, we opened a new bank account and as of March 1, 2010, we acquired essentially all of the assets, and assumed the related liabilities, of Da-Vi Nails International, L.L.C., a Utah limited liability company (“Da-Vi International”). On February 12, 2019 we obtained authority from the Utah Division of Corporations to also do business as Em Lash Studios. Our offices are located 1559 West 3860 South, West Valley City, UT 84119. We do not have any parents and only one affiliate, Em Lash Beauty Supply, LLCs, which has the same ownership as Da Vi Nails.

## Business and Franchises Offered

We offer franchises to operate nail salons that provide finger and toe nail products and services under the name “Da Vi Nails” or beauty salons that provide lashing, extending, threading, waxing and facial products and services under the name “Em Lash Studios”. Da Vi Nails salons and Em Lash Studios are usually physically located in Walmart stores, although they may occasionally be in shopping malls, strip malls, street fronts, and other retail establishments depending upon the quality and suitability of the location. Payment of the Initial Franchise Fee will entitle you to a “turn-key” operation, i.e., we will obtain the sub-lease and arrange for the construction of all improvements and provide the requisite equipment and furnishings.

Neither we nor any of our predecessors have ever operated any nail or beauty salon businesses of our own, and, except for salons we may in the future own and operate outside of the United States, we currently have no plans to operate any such businesses in the United States. Our sole business is franchising and assisting our franchisees. If you purchase a franchise, you will operate a salon that sells Da Vi Nails or Em Lash Studios products and services. In the past, Da-Vi International offered licenses to operate Da Vi Nails salons in many states in space sub-leased by them to the licensees. In 2008, Da-Vi International began the process of converting its operations to franchising. In order to be in a better position to accomplish that goal, we acquired the assets and liabilities from Da-Vi International and began offering franchises in February 2010. The financial terms of the franchises are essentially the same as they were under the licenses and subleases.

## Registered Agent

Our agent for service of process in Utah is James E. Cannon, 1368 Wilson Avenue, Salt Lake City, UT 84105. Our other agents for service of process are listed in Exhibit D - Agents for Service of Process to this Disclosure Document.

## Predecessors

The owners of Da Vi Nails began business as California Nails USA, Inc., a Delaware corporation formed on October 15, 2003 and qualified to do business in Utah on October 22, 2003. The business was reorganized as Da-Vi International on February 11, 2005. From October 2003 until February 2005 California Nails USA, Inc., and from February 2005 until May 2008, Da-Vi International did business by entering into license agreements and licensee sub-

lease agreements with approximately 400 licensees. Some state regulatory agencies determined that these arrangements actually constituted franchise relationships. Thus, in May 2008, Da-Vi International ceased offering licenses and licensee sub-lease opportunities and began preparations to offer franchises instead of licenses. We subsequently acquired essentially all of the assets and liabilities of Da-Vi International, including all of its licenses and its licensee sub-lease agreements and its agreements with Walmart. We expect to offer franchises to all existing licensees who are current in their agreements. Neither we nor our predecessors have ever offered licenses or franchises in any line of business other than the nail salon business described in this Disclosure Document. Accordingly, we and our predecessors have been in the nail salon business for ten years and in the franchise business for the last five years.

#### The Business We Offer

If you purchase a Da Vi Nails franchise (a “Franchise”), you will own and operate either a Da Vi Nails salon and/or an Em Lash Studio at a location in a Walmart store for which we have master lease rights. If you desire any other location, you will be responsible for finding a location and having it approved by us. In operating either a Da Vi Nails salon and/or an Em Lash Studio, you will offer for sale finger and toenail grooming, and/or beauty salon products and services (collectively the “Products”). The terms of your Franchise Agreement will govern which Products you may sell. The market for such Products is fully developed. Your competitors include other nationally recognized nail salons as well as local, independent nail salons located in shopping malls, department and other stores and separate locations.

Our standard arrangement and your ability to operate your Franchise in a Walmart location are dependent upon our ability to maintain a master lease agreement with Walmart and its decisions with respect to space in its stores. These decisions are outside of our control and we cannot predict how they may act. If for any reason our Walmart master lease agreement is terminated or modified so that we lose the rights to your location, your Franchise and sub-lease will also terminate, and we will have no further liability to you. If our lease or your sub-lease to your salon location is ever terminated for any reason, your Franchise Agreement and sub-lease will also terminate, and we will have no further liability to you. Walmart is not a party to any agreement with you, including your Franchise Agreement and sub-lease agreement, and it has no obligations to you.

#### Applicable Regulations

**YOU MUST COMPLY WITH ALL FEDERAL, STATE AND LOCAL HEALTH, SAFETY, BUSINESS AND OTHER LAWS AND REGULATIONS GOVERNING YOUR BUSINESS. THE STATE BOARD OF COSMETOLOGY OR SIMILAR REGULATORY OR ADMINISTRATIVE BODY IN YOUR STATE WILL REGULATE YOUR BUSINESS. IN THE FRANCHISE AGREEMENT, YOU WILL REPRESENT AND WARRANT THAT YOU ARE FAMILIAR WITH AND WILL COMPLY WITH THE APPLICABLE LAWS, REGULATIONS AND LICENSING REQUIREMENTS FOR YOUR SALON, BOTH PRIOR TO OPENING AND THROUGHOUT THE TERM OF YOUR FRANCHISE. THERE MAY BE OTHER LAWS AND REGULATIONS**

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AFFECTING YOUR BUSINESS THAT MAY OR MAY NOT BE SPECIFIC TO THE NAIL SALON BUSINESS. YOU MUST BE FAMILIAR WITH AND COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS, INCLUDING THOSE DEALING WITH THE HANDLING, STORAGE AND DISPOSAL OF HAZARDOUS CHEMICALS. THERE ARE NUMEROUS OTHER GENERAL BUSINESS LAWS AFFECTING YOUR BUSINESS, INCLUDING THE FAIR LABOR STANDARDS ACT, AMERICANS WITH DISABILITIES ACT, AGE DISCRIMINATION IN EMPLOYMENT ACT, FEDERAL AND STATE WITHHOLDING AND TAX LAWS, GENDER-BASED DISCRIMINATION LAWS, ILLEGAL IMMIGRATION REFORM AND CONTROL ACT, IMMIGRATION RESPONSIBILITY ACT, OSHA, TITLE VII OF THE CIVIL RIGHTS ACT, WAGE AND HOUR AND OTHER LABOR AND EMPLOYMENT LAWS, ETC. YOU MUST INVESTIGATE, SATISFY AND COMPLY WITH ALL LOCAL, STATE AND FEDERAL LAWS, MANY OF WHICH VARY FROM PLACE TO PLACE AND MAY CHANGE OVER TIME.

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## ITEM 2: BUSINESS EXPERIENCE

### Managers

David Truong has been Business Manager, of Da Vi Nails since it was created in January 2010, a position he had held with Da-Vi International since 2005.

Vi Truong Cao, David's wife, has been Operations Manager of Da Vi Nails since January 2010, a position she had held with Da-Vi International since 2005.

Mike Shegrud has been Project Manager and Architect of DaVi Nails since January 2010, a position he had held with Da-Vi Nails International since 2005.

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## ITEM 3: LITIGATION

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Virginia. Commonwealth of Virginia, ex rel. State Corporation Commission v. Da Vi Nails International, LLC and David Truong, Case No. SEC-2008-00066. Settlement Order dated July 21, 2008. The Settlement Order states the Division of Securities and Retail Franchising (the “Division”) alleged Da-Vi International and David Truong (the “Defendants”) (1) violated Section 13.1.560 of the Virginia Retail Franchising Act (the “Act”), by granting or offering to grant franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (2) violated Section 13.1-563.4 of the Act by failing to, directly or indirectly, provide franchisees with (i) the franchise agreement and (ii) such disclosure documents as may be required by rule or order of the State Corporation Commission (the “Commission”).

The Defendants neither admitted nor denied the allegations but admitted to the Commission’s jurisdiction and authority to enter this Settlement Order (the “Order”) and agreed to pay \$8,500 in monetary penalties, \$750 to defray the costs of investigation, provide each Virginia franchisee with a copy of the Settlement Order and agree not to violate the Act in the future. A Final Order was entered on August 28, 2008. Da Vi Nails application to offer and sell franchises in Virginia was approved on April 13, 2011. The Virginia registration lapsed and a new registration was approved on November 17, 2014 and was not renewed in 2015. After an investigation, on April 20, 2018, the Division entered a new Settlement Order SEC-2017-0065 (the “New Order”) alleging that in April, 2017, Da Vi Nails, during a time that its registration in Virginia had lapsed, violated the Act by offering and selling one franchise in Virginia without providing the purchaser with a current Franchise Disclosure Document. Without admitting or denying the allegations, Da Vi Nails agreed to pay \$20,000 in monetary penalties and \$1,000 to defray the costs of the investigation and to extend a rescission offer to the purchaser. Da Vi Nails is currently registered in Virginia.

California. In the matter of DaVi Nails International, LLC, David Truong and Vi Cao. On February 25, 2009, the California Corporations Commissioner issued a Desist and Refrain Order against Da-Vi International, Mr. Truong and Ms. Cao alleging they had violated the California Franchise Investment Law in selling Licenses and Subleases in California. The Order required Da-Vi International, Mr. Truong and Ms. Cao to desist and refrain from the further offer or sale of Da-Vi International franchises unless and until they have duly registered under the California Franchise Investment Law. On July 30, 2012, the Commissioner issued an additional Citations and Disist and Refrain Order against Da Vi International and Mr. Truong and Ms. Cao alleging three additional violations in 2009. The matter was resolved by Stipulation to Citations and Disist and Refrain order on August 13, 2012, along with the payment of a \$7,500 fine. DaVi International’s application for registration in California was filed in 2009 but was subsequently withdrawn. Da Vi Nails has successfully registered its franchise offering in California in accordance with Da-Vi International’s obligations under the Desist and Refrain order. Da Vi Nails was registered in California during certain periods thereafter. On October 26, 2018, Da Vi Nails entered into a Consent Decree with the California Division of Business Oversight wherein Da Vi Nails and its managers were ordered to desist and refrain from the offer and sale of unregistered franchises and paid a fine of \$3,000. Da Vi Nails is currently registered in California.

Other than these actions, no litigation is required to be disclosed in this Item.

Neither we nor any person or franchise broker in Item 2 of this disclosure is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

## ITEM 4: BANKRUPTCY

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No bankruptcy is required to be disclosed in this Item.

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## ITEM 5: INITIAL FEES

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Upon execution of a Franchise Agreement, you will be required to pay us a non-recurring franchise fee in the amount of \$50,000 to \$105,000, depending upon the location, size and desirability of your salon (the “**Initial Franchise Fee**”). The Initial Franchise Fee includes the cost construction and the furnishings and equipment. There is no set formula for determining the Initial Franchise Fee, which depends upon the factors set forth above. The lower ends of these fees have increased over the last few years principally because of increased construction costs and fees charged to us by WalMart on smaller salons. A \$50,000 fee would be a small salon (e.g., 3-4 chairs), in a less desirable location (i.e., neighborhood, highway access, location within the WalMart, etc.), traffic in the area, lower construction costs and lower rent charged to us by WalMart. A \$ 105,000 salon would be larger (5+ chairs) in a great location (good neighborhood, easy access, prime location within WalMart), high traffic from which to draw customers, higher construction costs and higher rent charged to us by WalMart. During 2020, the franchise fees paid to Da Vi Nails ranged from \$65,000 to \$105,000 and rents ranged from \$1,600 to \$4,500 per month.

The entire Initial Franchise Fee is due and payable upon the signing your Franchise Agreement, which must be at least 14 days after your receipt of this FDD, provided, however, in the states of California, Maryland, Minnesota, North Dakota, South Dakota, Virginia and Washington, payment of the Initial Franchise Fee will be deferred until your salon is completely ready for opening. Such deferral was required because of our financial condition. Once paid, such fees are non-refundable. Such fees are never due and payable until after we have negotiated the rights to sublease the premises from Walmart. Your first month’s rent (\$1,000 to \$7,500) plus a deposit equal to one month’s rent (\$1,000 to \$7,500) will also be due and payable when your salon is ready for opening. We will not offer you a franchise until we can identify the specific location of your salon, and the Initial Franchise Fee, when paid, will be fully earned by us and be non- refundable. You will also be responsible for initial training expenses (Zero to \$3,000). For a list of the furnishings and equipment included for a typical salon, see Attachment F to the Franchise Agreement attached as Exhibit A to the Disclosure Document.

You will also be required to provide proof of insurance or pay for insurance obtained by us at the time when your salon is ready for opening. The security deposit is to ensure that your rent at the end of your sub-lease will be paid and the premises returned in good condition. Any amounts not needed to cover such rent and/or cleaning and repairs will be returned to you at the end of your sub-lease. Pursuant to an amendment to the Walmart Master Lease dated February 4, 2014, Walmart has the right to terminate its lease at any Walmart location early upon notice to us, in which event Walmart will refund a portion of the construction costs of the salon in such space, amortized over five years, up to a maximum of \$100,000. A Franchisee will be entitled to a portion of such refund as specified in its Franchisee Sublease Agreement

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## ITEM 6: OTHER FEES

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Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Monthly Franchise Fee <sup>(9)</sup>	\$300 to \$1,000 per month per salon; subject to change on renewal	First day of each month	This fee will be set up for automatic electronic bank transfer (“EBT”) to us <sup>(1)</sup> .
Minimum Rent <sup>(2)</sup>	\$1,000 to \$7,500 maximum per month	First day of each month	Via EBT

	depending on the size and location of the salon		
Rent Tax <sup>(3)</sup>	\$75 - \$400 per month	First day of each month	Via EBT
Advertising <sup>(10)(11)</sup>	None	N/A	None required unless a franchisee cooperative or National Advertising Fund is formed.

Products & Services	At our cost, plus a handling fee not to exceed 10%	When Purchases Made	None, unless you purchase from us.
Special Assistance	Not to exceed \$100 per hour or \$200 per day, plus our out of pocket expenses.	At the time of the assistance	Most training is provided by us without cost to you, except for your travel expenses. We offer special assistance if requested by you.
Transfer Fee <sup>(5)</sup>	\$2,000	Before transfer	This is the fee we impose if you sell your salon or otherwise transfer your rights under the Franchise Agreement. We may choose to not charge the fee upon written request.
Inspection Fines <sup>(6)</sup>	\$100-\$500 per violation	On Demand	Assessed if violations discovered at inspection
Late to Become Operational <sup>(7)</sup>	\$10,000	On Demand	Additional Rent if not operational within time frame. (Applicable only to already operational salons in a Walmart store)



Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Annual Product Purchases <sup>(12)</sup>	\$4,000	Upon Ordering	Annual minimum product purchase from us.
Failure to operate according to sublease <sup>(4)(7)</sup>	\$100 to \$500 per violation	On Demand	
Resolution of Customer Complaints <sup>(8)</sup>	If we become involved, you may be billed for our actual costs	On Demand	Our costs to resolve customer complaints against you, if we become involved
Renewal Fee	\$1,000	30 days prior to renewal	

- (1) All fees are imposed, payable to and collected by us unless otherwise noted. Once paid, such fees are non-refundable. You must participate in our EBT program which authorizes automatic, pre-authorized funds transfers from your account to ours. This currently includes rent, rent tax (if any) and monthly franchise fees. Once paid, none of these fees paid to us is refundable. Except for the variations noted, all fees are uniformly imposed.
- (2) When you sign the Franchise Sub-Lease Agreement you promise to comply with its terms and those of our Master Sub-Lease Agreement and specific location agreements. A rent of \$1,000 per month would be for a small salon (e.g., 3-4 chairs), in a less desirable location (i.e., neighborhood, highway access, location within the WalMart, etc.), traffic in the area, lower construction costs and lower rent charged to us by WalMart. A rent of \$7,500 per month would be for a larger (5+ chairs) salon in a great location (good neighborhood, easy access, prime location within WalMart), high traffic from which to draw customers, higher construction costs and higher rent charged to us by WalMart. Rents in WalMart stores are payable to us, and we pay our rent on the space to WalMart. Payment of rents in non-WalMart locations would depend upon the arrangements for that location. Monthly rent for an Em Lash Studio will be the lesser of (a) \$1,000 and (b) 16% of gross sales for the preceding month, but in no event more than \$3,000.
- (3) Some locations are subject to a rental tax. If this is the case for your salon, we collect the tax from you and pay it to the appropriate tax authority.
- (4) You must obtain and maintain comprehensive general liability insurance ("CGL"), you are not required to do it through our group carrier. However, if you do not obtain or maintain the appropriate insurance, we have the right obtain it for you and you must reimburse us for the cost of the premiums.
- (5) A transfer includes the conveyance of an interest of 1/3 or more of your franchise. It does not apply if you transfer to a business entity controlled by you (greater than 50%).
- (6) We charge these amounts if we are required to pay them to Walmart.
- (7) This only applies if you are taking over an already existing salon in a WalMart store. You must indemnify us for any costs or damages we incur due to a claim relating to your operation of the salon. You must also indemnify Walmart for any damages arising out of your acts or those of your employees or invitees.
- (8) If you cannot resolve a customer complaint, we are authorized to resolve it in your behalf and you must reimburse us or pay any related costs and expenses.
- (9) The Monthly Franchise Fee ranges (a) from a minimum of \$300/month to \$700/month depending upon the size, location and business volume of a Da Vi Nails salon to (b) \$1,000 for an Em Lash Studio. This Fee is due and payable every month regardless of whether you have any revenue. There is no specific formula or criteria for the amount of the Da Vi Nails salon fee, which is based upon the perceived value of the particular location and our costs in fulfilling our obligations as Franchisor at that location. In no event will the Da Vi Nails salon fee exceed \$1,000 per month upon renewal.
- (10) We have the right to establish a marketing or advertising fund. If established, you would be required to contribute to the fund an amount not to exceed 2% of your salon's monthly gross revenues. No fund is currently established and thus no charges are made. Although you will have no obligation to use them, we may make advertising, marketing and promotional materials available to you at our cost plus a handling fee not to exceed 10%.
- (11) We may provide you with advertising, marketing and promotional formats and materials that we have prepared and that are suitable for use at local Da Vi Nails Salons. Those items will be provided at our direct cost of producing them, including any related shipping, handling and storage charges, payable when the materials are ordered. These payments are not refundable.

- (12) You are required to purchase not less than \$4,000 of products annually from our Product Supply Division.  
Failure to purchase the minimum amount will result in a fine of \$500.

## ITEM 7: ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure <sup>(2)</sup>	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>(1)</sup>	\$50,000 to \$105,000	Cash	At signing of Franchise Agreement	Us
Leased Property <sup>(2)</sup>	\$1,000 to \$7,500 per month	Cash	First of each month or as otherwise agreed in your lease agreement	Us
Lease Property Deposit	\$5,000 to \$7,500	Cash	Time of signing lease	Us
Computer system, software, and merchant account and related equipment <sup>(5)</sup>	\$1,000 to \$2,000	As arranged	When invoiced	Independent vendors
Inventory to begin operations <sup>(1)</sup>	Included in Initial Franchise Fee			
Training <sup>(7)</sup>	\$0 to \$3,000	As arranged	If required by Franchisor	Us
Security deposit, utility deposits, business licenses, and other prepaid expenses	Approximately \$500 to \$7,500	As arranged	Time of signing lease, utility hook up, and application for licenses	Service provider; municipality for business license
Travel <sup>(6)</sup>	Approximately \$1,000 to \$2,000	As incurred	To attend training	Independent third parties
Advertising Expenses	At your discretion and as we may require Estimated \$0 to \$500	As arranged	When invoiced	Seller of advertising materials
Insurance Premium <sup>(4)</sup>	\$650 to \$2,500/year	As required by carrier	When invoiced	Insurance carrier
Additional Funds & Working Capital – Initial Period of 3 months <sup>(3)</sup>	Approximately \$2,000 to \$6,000	As arranged with supplier	As arranged with supplier	Supplier of products
Total	\$61,150 to \$143,500			

- (1) Includes (a) the build-out and furnishing of your salon and (b) initial supplies and inventory, which have a value of approximately \$2,500. You will be expected to replenish those supplies and inventory as they are used and sold by you. For a list of a typical salon's furnishings, equipment and opening inventory, see Attachment F to the Franchise Agreement attached as Exhibit A to this Disclosure Document.
- (2) Except for the Sublease we provide through our Master Sublease with WalMart, we do not provide or assist in obtaining financing. Once made, all fees paid to us are non-refundable. If you are signing the Sublease as a business entity rather than individually, you and the other owners of the entity will be required to

personally guaranty the Sublease. Under the Sublease, you are not required to waive any defenses or other legal rights nor are you barred from asserting any defenses. Upon your default under the Sublease, you may be liable for payment of rent for the remainder of the term, as well as our costs and expenses, including attorneys' fees. A termination of the Sublease automatically terminates the Franchise Agreement and vice versa.

- (3) This is to cover normal operating expenses not included elsewhere, such as office expenses, utilities, salaries, etc., and unexpected expenses and is based on our management experience and the experience of other Da Vi Nails franchisees.
  - (4) If you fail to obtain and maintain insurance, we have the right to obtain it for you and bill you for the costs.
  - (5) No specific accounting, point of sale or computer system is required.
  - (6) The principal owner and the on-site manager and assistant managers, if any, must come to Utah for the training. You would be responsible for travel, lodging and food expenses, but there is no additional fee for the training.
  - (7) Pursuant to Section 6.5 of the Franchise Agreement, we may require that you use our trained representatives as part of your opening crew for up to 21 days, depending upon your and your employees experience level.
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## ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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### **Required Purchases**

The initial cost of constructing improvements and purchasing the equipment, furnishings (spa chairs, tables, reception desk, etc.) and initial supplies necessary for the opening of your salon are included in the Initial Franchise Fee and are provided by us prior to your opening. You are required to purchase not less than \$4,000 worth of salon supplies, materials and products from us through our Product Supplies Division each year.

### **Required and Approved Suppliers**

You may purchase any supplies, materials and products for use and resale in your salon from any quality provider. However, you must purchase not less than \$4,000 of such materials each year from us at our regular wholesale prices through our wholly-owned Complete Beauty Supply division. We do not designate approved suppliers, although we may from time to time recommend suppliers of specific products and services, either in the Operating Manual or in writing to you. However, there is no penalty for using a supplier that is not included on the recommended list, nor is there any material benefit for using a supplier who is included on the list. However, product quality is extremely important to the success of your business. Although we strongly recommend the use of OPI nail products, we do not require any purchases to be made from approved suppliers. Except for the products we purchase for sale through our Product Supply Division, we do not negotiate purchase arrangements, including price terms, for the benefit of franchisees.

Except for the products you purchase from us, we do not derive revenue or other material consideration from required purchases or leases, and neither we nor any of our officers or managers owns any interest in other suppliers, and we receive no revenue or other consideration from such suppliers. There are no products, goods or services that must be obtained from only one supplier and neither we nor any affiliate of ours is the only approved supplier for any products or services.

So long as it offers rates that are at or below those charged by other Bank Card processing and settlement providers, you will be required to use Affordable Merchant Services, LLC, a Utah limited partnership to provide processing and settlement of credit and debit card transactions through First Data Merchant Services Corporation and Wells Fargo Bank, N.A.

We estimate that the proportion of the required purchases of these products and services from the recommended suppliers is at most about 5% of all purchases by you of products and services. In addition, you will be required to make property lease payments to us of between \$1,600 to \$4,500 per month (\$19,200 to \$54,000 annually), essentially all of which is passed through by us to the landlord under our master lease. This is 100% of your lease

expense.

You may also need to purchase certain other products and services you use in your franchise business such as tenant improvement construction services, carpet installation, handyman services, etc. We do not provide such products or services.

### **Revenue from Franchisee Purchases**

Based upon our audited financial statements as of December 31, 2022, we had revenues of \$260,597 from the sales of equipment and supplies to franchisees during the period ended December 31, 2021 which represented 1.31% of our total gross revenues for of \$19,957,382. In addition, we had revenues from rents paid to us by franchisees of \$15,258,504 or 76.5% of our total revenues. Essentially all of these rental revenues were offset by rents paid by us to WalMart. The initial cost of the furniture, equipment and inventory for your salon is included in the Initial Franchise Fee. Annual required purchases of supplies from us or our affiliate of not less than \$4,000 is expected to be less than 5% of all purchases by you of products and services, including your lease, in establishing and operating your franchise business. During the year ended December 31, 2021, our affiliate, Em Lash Beauty Supply, LLC, had sales of supplies to franchisees of \$33,878.

### **Cooperatives**

Except for the possible wholesale purchases described above, we do not have any purchasing or distribution cooperatives.

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## ITEM 9: FRANCHISEE’S OBLIGATIONS

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This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site Selection	4.2	Item 11
b. Pre-opening purchase/leases	6.3	Items 7 & 11
c. Site development and other pre-opening requirements	6.3	Items 6 & 11
d. Initial and ongoing training	6.5	Items 7 & 11
e. Opening		Items 6 & 11
f. Fees	2.1	Items 5, 6, 7 & 11
g. Compliance with standards and policies/operating manual	6.9	Item 11
h. Trademarks and proprietary information	Section VII	Items 5, 11, 13, 14, 16
i. Restrictions on products/services offered	6.10 & 6.11	Items 1, 8, 11, 16
j. Warranty and customer service requirements	N/A	Item 1
k. Territorial development and sales quotas	N/A	State Cover Page, Items 1 & 12
l. Ongoing product/service purchases	6.10	Items 8 & 11
m. Maintenance, appearance, and remodeling requirements	6.13 & 6.14	Items 7 & 11
n. Insurance	Section XII	Items 5 & 7
o. Advertising	6.12	Items 6, 7, 11
p. Indemnification	18.2	n/a
q. Owner’s participation/management/staffing	6.4	Item 11, 15
r. Records and reports	Section X	Items 6 & 11
s. Inspections and audits	6.15 & 10.5	
t. Transfer	Section XIII	Item 17
u. Renewal	11.1	Item 17
v. Post-termination obligations	15.1	Items 1, 13, 17
w. Non-competition covenants	Section IX	Item 17
x. Dispute resolution	Section XXIII	State Cover Page, Item 17
y. Right of First Refusal	13.4	Item 17
z. Defaults	Section XIV	Item 17
aa. Personal Guaranty	22.7	Item 15
ab. Credit Card Processing	6.19	Item 8

## ITEM 10: FINANCING

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Except with respect to rent described below, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. Indirectly, we do provide some financing through our lease of the salon space, which we sublet to you and for which we remain liable to the landlord. All rent is paid directly to us, and we are responsible for making rental payments to Walmart. Your rent under the Sublease will not necessarily be the same as the rent we pay to Walmart under our master lease. A default under the Sublease will also be a default under your Franchise Agreement and vice versa, although we do not obtain a security interest in your business

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

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

Pre-Opening Assistance: During the time leading up to the opening of your Franchised Salon, we will:

- Work with you in locating an appropriate and available space for your Franchised Salon in an existing or to be constructed/remodeled Walmart store which is included in our Walmart Master Sublease Agreement. Occasionally, we may approve a location in a mall or similar location other than in a Walmart store. Such approval should be obtained prior to signing the Franchise Agreement. In granting such approval, we will consider the type and nature of the mall or other location, the general and specific marketing conditions, population and other demographics. (Section 3.1 of the Franchise Agreement)
- Provide you with a copy of the standard Da Vi Nails architectural building plans and specifications as approved by Walmart or mall lessor. You will work with us and the contractor in completing the required build-out. We will provide and install all necessary equipment, signs, fixtures, opening inventory and supplies as part of your Initial Franchise Fee. Any modifications must be approved by us. (Section 3.1 (a) of the Franchise Agreement)
- Provide initial training for your Operating Principal and the number of required managers and assistant managers as specified in the Operations Manual or by us from time to time. (Sections 3.1 (b) 6.5 of the Franchise Agreement). You will be responsible for hiring your own employees.
- Provide such on-site pre-opening supervision and assistance as we deem advisable. (Section 3.1 (c) of the Franchise Agreement)

For the duration of the term of your Franchise Agreement, Loan you one copy of the confidential Operations Manual, or such other number of copies as we deem appropriate. (Section 3.1 (e) of the Franchise Agreement)

Time for Opening

- The length of time between the earlier of the signing of the Franchise Agreement or the first payment of consideration for the Franchise and the opening of your salon is typically 30 to 180 days. This period may be affected by numerous factors, including the availability of space, financing, building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures and signs. You are required to have your salon open and

operating promptly upon completion of the facilities and the issuance of an occupation permit, if any is required.

Post-Opening Assistance: After your Franchised Salon is open and operating, we will:

- Provide such merchandising, marketing and advertising research data and advice as we may from time to time develop. (Section 3.1 (d) of the Franchise Agreement)
- Provide standardized cost and inventory control procedures as we may from time to time develop. (Section 3.1 (f) of the Franchise Agreement).
- Communicate to you from time to time new developments, techniques and improvements in packaging, development, service and management of your operations which we may develop or of which we become aware. (Section 3.1 (g) of the Franchise Agreement)
- From time to time visit and inspect your Franchise Salon to insure compliance with the requirements of the Franchise Agreement and the Franchisee Sub-Lease Agreement. (Section 6.15 of the Franchise Agreement)

Although we do not have an obligation to do so, we may advise you from time to time about operating problems of your Salon which come to our attention. At your request, we may consult with you and provide guidance and operating assistance in connection with:

- Methods, standards, specifications and operating procedures utilized by Da Vi Nails and Da Vi Nails Salons;
- Purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- Advertising and promotional programs;
- Employee training; and
- Administrative, bookkeeping, accounting and general operating and management procedures.

Any guidance and assistance may, in our discretion, be furnished in the form of references to manuals, bulletins and other written materials, electronic computer messages, telephone conversations and/or consultations at our offices or at your Salon. Except for the \$300 to \$700 monthly royalty fee, which you will be required to pay regardless of whether you receive assistance from us, we will make no separate charge to you for operating assistance and guidance as we customarily provide to our franchisees generally. Occasionally, we may make special assistance programs available to you; however, you will be required to pay the daily fees and charges that we establish for these special assistance programs. These daily fees and charges will not exceed \$100 per hour or \$200 per day, plus our out-of-pocket costs.

### Advertising

We do not provide any advertising for you. Any advertising you do must comply with the requirements set forth in the Operations Manual and approved by us in advance. Other than obtaining our approval before use, there are no restrictions on your use of electronic media, including the internet. (Franchise Agreement Sections 5.2 and 6.12)

In connection with opening your salon, you must conduct, at your expense, such promotional and advertising as we may require (Franchise Agreement Section 6.5).

We may provide you with advertising, marketing and promotional formats and materials that we have prepared and that are suitable for use at local Da Vi Nails Salons. Those items will be provided at our direct



cost of producing them, including any related shipping, handling and storage charges, payable when the materials are ordered. These payments are not refundable. (Franchise Agreement Sections 5.2 and 6.12)

We will allow you to use our trade names, trademarks, service marks and other commercial symbols (“Marks”) upon the terms and conditions provided in the Franchise Agreement (See Article VII of the Franchise Agreement). We agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any Marks in compliance with the Franchise Agreement and for all costs you reasonably incur in defending any Marks related claim brought against you or any proceeding in which you are named as a party and that relates to the Marks, provided that you have timely notified us of the claim or proceeding and have otherwise complied with the requirements set out in the Franchise Agreement. We and our Affiliates, at our option, will be entitled to defend and control the defense of any proceeding arising out of your authorized use of any Marks. (Franchise Agreement Section 7.2(k))

Although we are not obligated to do so, we reserve the right, in our sole discretion and upon 30 days’ prior written notice to you, to establish, maintain and administer one or more national or regional marketing funds (a “Marketing Fund”). Neither we nor our predecessor has in the past required or established a Marketing Fund, and we have no plans to do so in the future. If a Marketing Fund is established, your contribution to the Marketing Fund would not exceed 2% of your salon's monthly gross revenues; other franchisees will also be required to contribute this amount. Although we do not intend to own salons, salons owned by us will not contribute to the fund. We do not anticipate that the fund will be audited, but we will furnish you an annual statement of moneys collected and costs incurred. There currently is no marketing fund in place. (Franchise Agreement Section 5.2)

If a Marketing Fund is ever established, we will direct all marketing programs financed by the Marketing Fund. We will have sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. If a Marketing Fund is established, we will furnish you with samples of advertising, marketing and promotional formats and materials at no additional cost to you, other than shipping and handling. Multiple copies of such materials will be furnished to you at our direct cost of producing them, including any related shipping, handling and storage charges, payable when the materials are ordered. (Franchise Agreement Section 5.2)

#### Pricing of Products and Services

You will be solely responsible for establishing prices for the products and services provided at your Salon..

#### Computer Requirements

While we expect that you will maintain good books and records, we do not have a specific requirement or specifications for accounting, point of sale or computer systems.

#### Operations Manual

We will loan you a copy of our Operations Manual that contains mandatory and suggested specifications, standards and procedures. This manual is confidential and remains our property. We may modify the Operations Manual from time to time, but such modifications will not alter your status and rights under the Franchise Agreement. (Section 8.2(b) of the Franchise Agreement) You will have an opportunity to view our Operations Manual before buying your franchise.

#### Training Program

Training provided by us is scheduled on an individual basis prior to the opening of your Salon, and will include you or your principal owner and your on-site manager and assistant managers. All trainees must be properly licensed in your state. We do not provide any training for licensing, and you must obtain the required training and licenses on your own to be licensed or certified as a professional manicurist or salon operator. You are responsible for all related travel, lodging and other expenses related to the training program we provide. The initial training is mandatory and must be completed prior to the opening of your Salon. The instructional materials include our Operations Manual, various contracts, your Sublease, legal rules and regulations, supply forms, etc. We will provide additional training from time to time as we deem necessary. We schedule the initial training in Salt Lake City, Utah from time to time as necessary.

### **TRAINING PROGRAM\***

<b><u>Subject</u></b>	<b><u>Hours of Classroom Training</u></b>	<b><u>Hours Of Training On-the-Job</u></b>	<b><u>Location</u></b>
Introduction & History	¾	0	Salt Lake City, UT
Rules, Regulation & Sanitation	1 ½	0	Salt Lake City, UT
Contracts & Leases	2 ¾	0	Salt Lake City, UT
Salon Supplies	1 ½	0	Salt Lake City, UT
Operations & Inspection:	1 ¾	0	Salt Lake City, UT
Construction & Set-up	1	0	Salt Lake City, UT
Review & Q & A	½	0	Salt Lake City, UT

\* Training is included in the Initial Franchise Fee. All trainees must complete the training to the satisfaction of our trainers. Training is conducted by our key managers and/or by other employees, each of whom has not less than two years' experience in the field and with us in the operation of nail salons or contract persons designated by them as having the requisite knowledge and experience in any particular area. All training is under the direction of David Truong and Vi Cao, both of whom have more than ten years' experience with us in the operation of nail salons.

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## ITEM 12: TERRITORY

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Your Franchise will be to operate one Da Vi Nails Salon and/or one Em Lash Studio at a single Walmart store or other facility, mall or shopping center with a specific address (your “Territory”). No additional or exclusive territory is granted to you outside of your Territory. So long as you remain in compliance with your Franchise Agreement and the Sub-Lease Agreement, we will not allow another Da Vi Nails salon or Em Lash Studio to be operated at your Territory. Except for your Salon, you will have no rights to exclude, control or impose conditions on the location of any present or future Da Vi Nails salon, businesses or distribution channels of any kind, regardless of their proximity to the Territory. We reserve the right to grant other franchises or operate outlets that we own outside of your Territory. We presently do not own any of our own outlets or utilize any other channels of distribution or competitive brands that we control., and presently have no plans to do so There are no restrictions on your soliciting customers by any legitimate means, whether at your Territory or otherwise, but all services must be provided at your Da Vi Nails salon and/or Em Lash Studio. *Except as described above, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.*

Your Territory will not be moved or altered unless Walmart or other mall or shopping center owner/manager moves or remodels its facilities. You will not be able to relocate your franchised business. Your rights to the Territory are directly tied to your Sub-Lease agreement, which is tied to our Master Sublease Agreement, and if your Sub-Lease Agreement is terminated your Franchise Agreement will also terminate. Continuation of your rights to your Territory is not dependent upon any sales, market penetration or other production goals.

You may purchase as many franchises from us as you wish, provided that you remain in compliance with your Franchise Agreement and Sub-Lease Agreement and are eligible under our standards applicable to all new franchisees. However, you will not have any options, rights of first refusal or similar rights to acquire additional franchises.

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## ITEM 13: TRADEMARKS

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We grant you the right to operate a nail salon and, if applicable, a lash studio under our trademarks



You may also use our other current or future trademarks to operate your salon or studio. By trademark we mean trade names, trademarks, service marks and logos used to identify your salon or studio. You acknowledge that we own these marks.

In early 2021 we filed the following trademark applications, all of which are for the Principal Register, and the current status of such application:

1. “Da Vi NAILS” Word Mark: Application No, 97/250,798, Trademark approved October 31, 2023 as Reg. No. 7,208,650.
2. Da Vi Nails Logo: Application No. 90/593,479; Trademark approved on February 15, 2022 as Reg. No. 6,645,177.
3. “EM LASH STUDIO” Application No. 90/593,501: Trademark approved on March 1, 2022 as Reg. No. 6,657,406.

We have added the ® symbol to these marks. With respect to our trademarks, there are no (a) currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board or any state trademark administrator or court that are materially adverse to the validity of the registrations; (b) pending infringement, opposition or cancellation proceedings; (c) pending material federal or state court litigation regarding our use or ownership rights in a trademark; or (d) any currently effective agreements that significantly limit our right to use to license the use of the trademarks disclosed herein.

You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think appropriate and have the right to control any litigation or administrative proceedings involving our trademarks. While we are not required to defend you against a claim against your use of our trademarks, we will reimburse you for your liability arising out of your authorized use of our trademarks and for reasonable costs in connection with defending our trademarks. To receive reimbursement, you must have notified us immediately when you learned about the infringement or challenge.

You must modify or discontinue the use of a trademark if we modify or discontinue it. If this happens, you will be solely responsible for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our trademark.

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

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We own no patents and no patents are material to the Franchise. We do own copyrights that are material to the franchise. The copyrights are in Confidential Information and Operations Manual, advertising and promotional materials, and related items used in operating the franchise. "Confidential Information" means any information relating to the methods and techniques, knowledge and experience regarding Da Vi Nails Products or the operation of Da Vi Nails Salons and includes trade secrets. The copyrights are not registered with the U. S. Patent and Trademarks Office or the U. S. Copyrights Office but are protected under federal copyright laws by virtue of our placing the appropriate notice of copyright on the items. No agreements limit our right to use the copyrights and we do not know of any infringing uses that could materially affect your use of the copyrights. We have the same rights and you have the same obligations regarding the copyrights as apply to our trademarks. You will be required to refrain from using the copyrighted items for any other business purpose, to maintain the confidentiality of the copyrighted items and information, to refrain from making copies unless we authorize you to do so, and to protect the copyrighted items from disclosure. The Franchise Agreement contains confidentiality provisions (see Sections 6.11 and 8.3 and Article IX), and certain key persons must also sign a confidentiality agreement attached as Attachment B to the Franchise Agreement.

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

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We recommend but do not require that you personally supervise the franchised business. The business must be directly supervised "on-premises" by a manager who has successfully completed our training program. The on-premises manager cannot have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in a corporate or partnership franchisee. The manager must sign a written agreement which

shall include a covenant not to compete and a provision requiring the manager to maintain the confidentiality of our trade secrets. Depending upon the structure of your business (corporation, limited liability company, partnership, etc.), all officers, directors, managers, partners, members and owners holding controlling interest of your franchise must guaranty the performance of the franchisee. (See Attachment B and Section 22.7 of the Franchise Agreement attached to this Disclosure Document as Exhibit A - Franchise Agreement)

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

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We require you to offer and sell only those goods and services that we have approved. You must offer all goods and services that we designate as required for all franchisees. You are required to sell only products and services which relate exclusively to manicures and pedicures. You must provide and be able to expertly apply full sets of nails, perform manicures, apply various designs and appliques to nails and other products and services outlined in the Operations Manual. You may provide waxing services, but only if you and your employees are properly trained and licensed. You may not perform any other services, such as tanning, ear piercing or tattooing.

**YOU ARE NOT LIMITED IN THE CUSTOMERS TO WHOM YOU MAY SELL PRODUCTS OR SERVICES THROUGH RETAIL SALON OPERATIONS. YOU ARE PROHIBITED, HOWEVER, FROM SELLING PRODUCTS OR SERVICES THROUGH ANY TYPE OF MAIL ORDER, INTERNET SALES, TELEMARKETING, DIRECT MAIL, OR DIRECT SOLICITATION OPERATIONS. WE HAVE THE RIGHT TO CHANGE OR SUPPLEMENT THE TYPES OF AUTHORIZED PRODUCTS AND SERVICES OFFERED BY OUR FRANCHISEES UPON NOT LESS THAN 30 DAYS PRIOR WRITTEN NOTICE.**

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

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### THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	1.1 also Section 3 of Sublease	May vary from three to five years, but usually five years, depending upon our underlying master lease.

b. Renewal or extension of the term	11.1 also Section 3 of Sublease	If you are in good standing, you can renew for three years (longer if permitted by the WalMart Master Lease)
c. Requirements for franchisee to renew or extend	11.1(a)-(j)	Six months written notice; not in default; availability of location; appropriate renovations; execution of then current form of Franchise Agreement (which may contain materially different terms and conditions from the original); \$2,000 renewal fee; execution of general release with Franchisor
d. Termination by franchisee	14.5 also Section 2 of Sublease	Only upon material breach or default by Franchisor after 30 day notice and opportunity to cure or on any other grounds available by law.
<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
e. Termination by franchisor without cause		Not permitted
f. Termination by franchisor with cause	14.1-14.4 also Section 2 of Sublease	Any material breach by Franchisee, some without notice, some upon notice and others if not cured within 30 days after notice
g. "Cause" defined – curable defaults	14.4	Except as provided in Sections 14.2 or 14.3, any default that is susceptible of being cured.
h. "Cause" defined – non-curable defaults	14.2-14.3	Bankruptcy, insolvency, appointment of a receiver, criminal activity, breach or representations of warranties, etc.
i. Franchisee's obligations on termination/non-renewal	15.1	Cease operations and use of franchised materials, trademarks, etc., and return of all materials
j. Assignment of contract by franchisor	13.1	Franchisor has right to transfer; however, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement
k. "Transfer" by franchisee – defined	13.2 also Section 5 of Sublease	Franchisee has limited rights to assign, subject to Franchisor's consent
l. Franchisor approval of transfer by franchisee	13.2 also Section 5 of Sublease	Franchisor shall not unreasonably withhold consent
m. Conditions for franchisor approval of transfer	13.2(b)	Franchisee not in default, general release to Franchisor, qualified transferee, proper training, personal guarantees
n. Franchisor's right of first refusal to acquire franchisee's business	13.4	Franchisor has 30 days to match any legitimate offer
o. Franchisor's option to purchase franchisee's business	N/A	
p. Death or disability of franchisee	13.5	Transfer permitted to party approved by Franchisor

q. Non-competition covenants during the term of the franchise	16.1(a)	No competition permitted during term of the Franchise
r. Non-competition covenants after the franchise is terminated or expires	16.1(b)	No competition for two years following termination of the Franchise Agree for any reason, unless approved by Franchisor in writing
s. Modification of the agreement	XXI also Section 15 of Sublease	Only in writing signed by the parties

t. Integration/merger clause*	XXI also Section 17 of Sublease	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation*	23.1	Non-binding mediation required, conducted in Salt Lake City, Utah, expenses paid equally by both parties.
v. Choice of forum*	23.2	State Courts of Utah, subject to state law.
w. Choice of law*	23.2	State of Utah, , subject to state law.

\*. Such choice of venue, forum and law should not be considered a waiver of any right conferred on the Franchisee or the Franchisor by Article 33 of the General Business Law of New York, Section 19-28.1-14 of the Rhode Island Franchise Investment Act or of any similar laws of other states.

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## ITEM 18: PUBLIC FIGURES

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We do not use any public figure to promote our franchise. You may use public figures to promote your franchise if we approve such use in advance. A “public figure” is a person whose name or physical appearance is generally known to the public in the geographic area where the franchise will be located.

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## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this section may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the



information provided in this section, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Da Vid Truong, Da Vi Nails Salon and Spa, LLC, 1559 West 3860 South, West Valley City, UT 84119, Telephone 801-596-1180, the Federal Trade Commission, and the appropriate state regulatory agencies

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS 2020 TO 2022**

<b>OUTLET TYPE</b>	<b>YEAR</b>	<b>OUTLETS AT THE START OF THE YEAR</b>	<b>OUTLETS AT THE END OF THE YEAR</b>	<b>NET CHANGE</b>
Franchised (Licensed)	2020	402	393	-9
	2021	393	399	+6
	2022	399	400	+1
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>402</b>	<b>393</b>	<b>-9</b>
	<b>2021</b>	<b>393</b>	<b>399</b>	<b>+6</b>
	<b>2022</b>	<b>399</b>	<b>400</b>	<b>+1</b>

**Table No. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES (LICENSEES) TO NEW OWNERS (OTHER THAN**  
**THE FRANCHISOR) FOR YEARS 2020 TO 2022**

STATE	YEAR	NUMBER OF TRANSFERS
AZ	2020	0
	2021	1
	2022	1
AL	2020	0
	2021	0
	2022	2
CA	2020	3
	2021	2
	2022	1
CO	2020	0
	2021	0
	2022	1
FL	2020	1
	2021	1
	2022	1
GA	2021	3
	2022	1
IA	2020	1
IL	2020	0
	2021	1
	2022	4
IN	2020	0
	2021	0
	2022	0
KY	2021	0
	2022	0
MA	2020	0
	2021	0
	2022	0
ME	2020	0
	2021	0
	2022	0
MD	2020	1
	2021	0
	2022	0
MI	2020	0
	2021	0
	2022	0
MN	2020	0
	2021	0
	2022	0
MS	2022	1
OH	2020	1
	2021	1
	2022	1
OK	2020	1
	2021	1
	2022	1
NC	2020	1
NV	2020	0

	2021	0
	2022	1
NY	2020	2
	2021	0
	2022	1
ND	2020	2
	2021	0
	2022	0
NM	2022	1
PA	2021	1
RI	2020	0
	2021	0
	2022	0
SD	2020	0
	2021	0
	2022	0
WA	2020	0
	2021	1
	2022	1
WI	2020	0
	2021	0
	2022	0
WY	2021	1
VA	2020	0
	2021	0
	2022	1
UT	2020	0
	2021	1
	2022	0
TX	2021	3
	2022	2
<b>TOTAL</b>	<b>2020</b>	<b>16</b>
	<b>2021</b>	<b>18</b>
	<b>2022</b>	<b>21</b>

**Table No. 3**  
**STATUS OF FRANCHISED (LICENSED) OUTLETS**  
**FOR YEARS 2020 TO 2022**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
AL	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	1	0	0	3
AK	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
AZ	2020	12	1	0	1	0	0	12
	2021	12	2	0	0	0	0	14
	2022	14	3	0	0	0	3	14
AR	2020	2	0	0	0	0	0	2
	2021	2	0	0	1	0	0	1
	2022	1	0	0	0	0	0	1
CA	2020	31	3	1	1	0	1	31
	2021	31	3	1	2	0	2	29
	2022	29	0	0	1	0	1	27
CO	2020	9	0	0	1	0	2	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
CT	2020	3	1	0	0	0	0	4
	2021	4	0	0	1	0	0	3
	2022	3	1	0	0	0	1	3
DE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020	33	1	2	0	0	1	31
	2021	31	4	0	1	0	1	33
	2022	33	1	0	0	0	0	34
GA	2020	15	2	0	1	0	1	15
	2021	15	2	0	2	0	0	15
	2022	15	0	0	0	0	0	15
HI	2020	2	0	1	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
ID	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
IL	2020	10	15	1	0	0	0	24
	2021	24	8	0	1	0	0	31
	2022	31	2	0	1	0	1	31

STATE	YEAR	OUTLET S AT START OF YEAR	OUTLETS OPENED	TERMIN ATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERA- TIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
IN	2020	5	1	0	0	0	0	6
	2021	6	2	0	0	0	0	8
	2022	8	0	0	1	0	0	7
IA	2020	4	0	0	1	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
KS	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
KY	2020	4	3	0	2	0	0	5
	2021	5	2	0	0	0	0	7
	2022	7	2	0	0	0	0	9
LA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MD	2020	10	0	1	0	0	1	8
	2021	8	0	0	1	0	0	7
	2022	7	2	0	0	0	0	9
MA	2020	3	0	0	0	0	0	3
	2021	3	1	0	1	0	0	3
	2022	3	0	0	0	0	0	3
ME	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
MI	2020	9	0	0	1	0	0	8
	2021	8	1	0	2	0	0	7
	2022	7	0	0	0	0	0	7
MN	2020	5	0	0	0	0	0	5
	2021	5	0	0	1	0	0	4
	2022	4	0	0	0	0	0	4
MS	2020	3	0	0	0	0	0	3
	2021	3	0	0	1	0	0	2
	2022	2	0	0	0	0	0	2
MO	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
MT	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	1	4
NE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NV	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8

STATE	YEAR	OUTLET S AT START OF YEAR	OUTLETS OPENED	TERMIN ATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERA- TIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
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NH	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020	8	1	0	0	0	1	8
	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
NM	2020	5	0	0	1	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
NY	2020	15	1	1	1	0	0	14
	2021	14	1	0	2	0	0	13
	2022	13	0	0	0	0	0	13
NC	2020	17	1	1	1	0	0	16
	2021	16	0	0	0	2	0	14
	2022	14	2	0	1	0	0	15
ND	2020	4	0	0	1	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
OH	2020	13	1	0	0	0	0	14
	2021	14	1	0	0	0	2	13
	2022	13	1	0	0	0	0	14
OK	2020	16	0	0	2	0	0	14
	2021	14	0	0	0	0	0	14
	2022	14	0	0	1	0	0	13
OR	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
PA	2020	14	0	1	0	0	0	13
	2021	13	0	0	1	0	1	11
	2022	11	0	0	1	0	0	10
RI	2020	1	0	1	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SC	2020	6	0	0	1	0	0	5
	2021	5	0	0	1	0	0	4
	2022	4	0	0	0	0	0	4
SD	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	1	0	0	2
TN	2020	6	2	0	1	0	1	6
	2021	6	1	0	0	0	0	7
	2022	7	1	0	1	0	0	7

STATE	YEAR	OUTLET S AT START OF YEAR	OUTLETS OPENED	TERMIN ATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERA- TIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
TX	2020	64	2	2	1	0	5	58
	2021	58	6	1	2	0	0	61
	2022	61	4	0	2	0	0	63
UT	2020	14	1	1	0	0	0	14
	2021	14	0	0	1	0	0	13
	2022	13	0	0	0	0	1	12
WA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	1	2
VA	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
WV	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
WI	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	0	0	1	5
WY	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	1	0	0	5
<b>Totals</b>	<b>2020</b>	<b>402</b>	<b>37</b>	<b>15</b>	<b>17</b>	<b>0</b>	<b>14</b>	<b>393</b>
	<b>2021</b>	<b>393</b>	<b>37</b>	<b>2</b>	<b>21</b>	<b>0</b>	<b>8</b>	<b>399</b>
	<b>2022</b>	<b>399</b>	<b>24</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>11</b>	<b>400</b>

**Table No. 4**  
**STATUS OF COMPANY OWNED OUTLETS**  
**FOR YEARS 2020 TO 2022**

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISE E	OUTLETS AT END OF THE YEAR
None	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<b>Totals</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLET IN THE NEXT FISCAL YEAR
AZ	0	0	0
AL	0	0	0
FL	0	1	0
IA	0	0	0
IL	0	1	0
IN	0	0	0
KY	0	2	0
MA	0	0	0
ME	0	0	0
MD	0	0	0
MI	0	0	0
MN	0	0	0
NY	0	0	0
ND	0	0	0
OH	0	0	0
SD	0	0	0
TN	0	0	0
TX	0	2	0
UT	0	0	0
VA	0	0	0
WA	0	0	0
WI	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>6</b>	<b>0</b>

**CONTACT INFORMATION FOR CURRENT FRANCHISEES**  
**(as of December 31, 2022)**

See Exhibit F

**CONTACT INFORMATION FOR FORMER FRANCHISEES**  
**(During the Fiscal Year Ended December 31, 2022)**

See Exhibit F-1

There are no franchisees (licensees) who have not communicated with us in the ten weeks prior to the date of this Disclosure Document.

**CONFIDENTIALITY AGREEMENTS:** In some instances, current and former franchisees (licensees) sign provisions restricting their ability to speak openly about their experience with Da Vi Nails. You may wish to speak with current and former franchisees (licensees) but be aware that not all such franchisees (licensees) will be able to communicate with you. During the last three years, we have entered into such agreements with all franchisees/licensees. If you buy a franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No independent franchisee/licensee organizations have asked to be included in this Disclosure Document.



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## ITEM 21: FINANCIAL STATEMENTS

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Attached to this Disclosure Document as Exhibit E – Financial Statements are our audited financial statements for the periods ended December 31 2022 and 2021 and 2020. And Unaudited Financial Statements for the Period Ending November 30, 2023..

## ITEM 22: CONTRACTS

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Attached to this Disclosure Document are the following contracts:

- Franchise Agreement (Exhibit A)
- Franchise Sublease (Exhibit B)
- General Release (Exhibit G)

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## ITEM 23: RECEIPTS

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The last two pages of this Disclosure Document are identical pages acknowledging receipt of this entire document (including Exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

# **EXHIBIT A**

## **FORM OF FRANCHISE AGREEMENT**

# **FRANCHISE AGREEMENT**

**between**

**DAVI NAILS SALON AND SPA, L.L.C.**

**Franchisor**

**&**

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**Franchisee**

# DaVi Nails Salon and Spa, L.L.C.

## FRANCHISE AGREEMENT

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ATTACHMENT M – VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT		
ATTACHMENT N – WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT		
ATTACHMENT O – BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT		

THIS FRANCHISE AGREEMENT ("Franchise Agreement" or "Agreement") is made and entered into \_\_\_\_\_, \_\_\_\_\_ between DAVI NAILS SALON AND SPA, L.L.C., a Utah limited liability company (hereinafter "Franchisor"), and \_\_\_\_\_ (hereinafter "Franchisee").

WITNESSETH:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (hereinafter "System") (which System Franchisor may continue to develop in its reasonable business judgment) relating to the establishment and operation of (a) nail salons providing nail sculpture, pedicures, silk wraps, nail art, fiber glass treatments, airbrush design, manicures and tip overlays (the "DaVi Nails Salons"), and (b) beauty salons providing lashing, extending, threading, waxing and facial products and services (the "Em Lash Studios")

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; special programs and packages; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "DaVi Nails" and "Em Lash Studio" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter referred to as the "Franchisor's Marks");

WHEREAS, Franchisor continues to develop, use and control the use of the Franchisor's Marks in order to identify for the public, the source of services and products marketed there under and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, Franchisor is engaged in the business of operating and granting franchises to operate DaVi Nails Salons and/or Em Lash Studios using the System and the Franchisor's Marks inside various WalMart store and retail mall locations;

WHEREAS, Franchisor has established a high reputation and a positive image with the public as to the quality of products and services available at DaVi Nails Salons and Em Lash Studios, which reputation and image will be unique benefits to Franchisor and its franchisees;

WHEREAS, Franchisor has in the past granted licenses for the use of its name and the System but has concluded that it is in the best interest of Franchisor to in the future market and



sell the System through the offer and sale of franchises;

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and receiving a franchise from Franchisor and being able to utilize the System and the Franchisor's Marks which Franchisor makes available to its franchisees;

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness and currency, appearance and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisee desires to acquire a franchise to operate a DaVi Nails Salon or Em Lash Studio at the WalMart or retail mall location and for the entire Term (as defined in Section 1.1 hereof) specified in this Agreement. Franchisee acknowledges that it has received a copy of the Franchise Disclosure Document of Franchisor and has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of Franchisee's own choosing at least fourteen (14) prior to its execution, and is entering into this Agreement after having made an independent investigation of Franchisor's operations and not upon any representation as to the profits and/or sales volume which Franchisee might be expected to realize, nor upon any representations or promises by Franchisor which are not contained in this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

## **I. GRANT; TERM AND LOCATION**

1.1 Grant; Term and Location. Franchisor hereby grants to Franchisee and Franchisee accepts, pursuant to the terms and conditions of this Franchise Agreement, a franchise for a period of \_\_\_\_\_ years (\_\_\_\_) to use the System and the Franchisor's Marks only in the operation of a [\_\_\_\_] DaVi Nails Salon or [\_\_\_\_] Em Lash Studio ("Franchised Business") located at the WalMart store or retail mall location specified in Attachment A attached hereto (the "Premises"). The term of this Agreement shall commence on the date of the Franchisee Sublease Agreement (the "Sublease") between the Franchisor and the Franchisee substantially in the form of Attachment E hereto (the "Commencement Date") and shall expire upon the expiration of the original term and any renewal or extension of the Sublease (the "Term") unless sooner terminated in accordance with the provisions of this Agreement or the Sublease. Franchisee agrees to operate the Franchised Business at the specified location for the entire Term. Franchisee accepts this franchise with the full and complete understanding that the franchise grant contains no promise or assurance of renewal. The sole and entire conditions under which Franchisee will have the opportunity of obtaining a successor DaVi Nails Franchise Agreement at expiration are those set forth in Section 11.1 hereof. This franchise is for the specified location only and does not in any way grant or imply any exclusivity, area, market or territorial rights proprietary to Franchisee.

## **II. FRANCHISE FEE**

2.1 Initial Franchise Fee. Franchisee acknowledges that the grant of this franchise constitutes the consideration for the payment by Franchisee to Franchisor of \$\_\_\_\_\_.00 Thousand and No/100 Dollars (\$\_\_\_\_\_.00) (the “Initial Franchise Fee”), all of which shall be payable upon execution of this Agreement; **provided, however,** that in certain states the Initial Franchise Fee shall not be due and payable until the buildout, furnishing and equipping of the salon is complete and ready for opening. See the Attachments to this Agreement for these specific State Addendums. The Initial Franchise Fee shall be deemed fully earned and nonrefundable upon receipt by Franchisor in consideration for administrative and buildout and other expenses incurred by Franchisor in granting this franchise and for Franchisor’s lost or deferred opportunity to franchise others. If the Franchisee is an existing licensee whose license and sub-lease are in good standing, payment of the Initial Franchise Fee is waived.

## **III. DUTIES OF FRANCHISOR**

3.1 Services Provided by Franchisor. Franchisor agrees to periodically advise and consult with Franchisee in connection with the operation of the Franchised Business, and to provide to Franchisee:

(a) With a “turn-key” facility for the Franchised Business on the Premises, including the fixtures and equipment set forth on Attachment F.

(b) An initial orientation program for Franchisee’s Operating Principal (as described herein) and the number of required managers or assistant managers of Franchisee, as specified in the Operations Manual or otherwise by Franchisor from time to time, and shall make available such other training programs as it deems appropriate. All training provided by Franchisor shall be subject to the terms set forth in Section 6.5 of this Agreement.

(c) Franchisor shall provide such on-site pre-opening supervision and assistance (which may include, at Franchisee’s expense, an opening crew as described in Section 6.5(e) hereof) as Franchisor deems advisable, subject (as to timing) to the availability of personnel. Franchisor shall provide such continuing advisory assistance to Franchisee in the operation of the franchised business as Franchisor deems advisable.

(d) Such merchandising, marketing and advertising research data and advice as may be developed from time to time by Franchisor and deemed by it to be helpful in the operation of a DaVi Nails Salon or Em Lash Studio, as the case may be.

(e) On loan, one copy of the confidential Operations Manual described in Section VIII (the “Operations Manual”) or such other number of copies as Franchisor deems appropriate.

(f) Standardized cost control and inventory control procedures which may from time to time be developed by Franchisor.

(g) Communication of new developments, techniques and improvements of Franchisor in the packaging, development, service and management which are relevant to the operation of a DaVi Nails Salon or Em Lash Studio, as the case may be.

#### **IV. PREMISES; SITE SELECTION AND CONSTRUCTION**

4.1 Use of Premises. During the Term of this Agreement the Franchised Business premises shall be used exclusively for the purpose of operating a franchised DaVi Nails Salon or Em Lash Studio, as the case may be.

4.2 Building and Premises; Site Selection and Construction. The parties agree that the Franchisor will arrange for the completion of all necessary improvements and modifications required at the Premises and for the proper installation of all fixtures and equipment set forth on Attachment F, the cost of which is included in the Initial Franchise Fee. The appearance of and the Premises will not thereafter be altered except as may be approved in writing by Franchisor

4.3 Signs. The Franchisor's Marks will only be erected and displayed in the manner and at such locations as are approved and authorized by Franchisor. Franchisee agrees to maintain and display signs reflecting the current System image of DaVi Nails Salons or Em Lash Studio, as the case may be, and shall not place additional signs or posters on the premises without the prior written consent of Franchisor. Only signs from sources approved by Franchisor may be utilized at the premises. Franchisee shall discontinue the use of and destroy such signs as are declared obsolete by Franchisor within the reasonable time specified by Franchisor. Such signs are fundamental to the DaVi Nails Salon System or Em Lash Studio, as the case may be, and Franchisee hereby grants to Franchisor the right to enter the building and premises to remove and destroy unapproved or obsolete signs in the event that Franchisee has failed to do so within thirty (30) days after the written request of Franchisor.

4.4 Casualty. In the event the building shall be damaged or destroyed by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, Franchisee shall, at its own expense, repair or reconstruct the building within a reasonable time under the circumstances. The minimum acceptable appearance for the restored building will be that which existed just prior to the casualty; however, every effort should be made to have the restored building reflect the then current image, and the then current design and specifications of DaVi Nails Salon, or Em Lash Studio, as the case may be. If the building is substantially destroyed by fire, or other casualty, Franchisee may, with agreement from Franchisor, terminate the Agreement in lieu of Franchisee reconstructing the building.

## **V. MONTHLY FRANCHISE FEE AND ADVERTISING CONTRIBUTION**

5.1 **Monthly Franchise Fee.** Franchisee agrees to pay, via electronic funds transfer, to Franchisor a monthly franchise fee of \$\_\_\_\_\_.00 (the “Monthly Franchise Fee”) for the use of the System and the Franchisor’s Marks

5.2 **Advertising and Public Relations.** Until such time, if ever, as Franchisor has, in its sole discretion, established a cooperative (“Cooperative”) covering the geographic area in which the Franchised Business is operated or a National Advertising Fund (“Fund”), Franchisee shall have no obligation to do any specific advertising or spend any specific amounts on advertising. However, in the event Franchisee elects to advertise, all advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the Operations Manual or otherwise. Franchisee shall obtain Franchisor’s prior approval of all advertising and promotional plans and materials that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within one (1) year. Franchisee shall submit such unapproved plans and materials to Franchisor (by personal delivery or through the mail, return receipt requested), and Franchisor shall approve or disapprove such plans and materials within fourteen (14) days from the date of receipt thereof by Franchisor. Franchisee shall use no such plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans or materials upon notice from Franchisor.

## **VI. DUTIES, REPRESENTATIONS, WARRANTIES AND COVENANTS OF FRANCHISEE**

6.1 **Standards.** Franchisee understands and acknowledges that every detail of the franchised business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees in the System, and to protect Franchisor’s reputation and goodwill.

6.2 **Organization and Structure of Franchisee.** In the event Franchisee is a corporation, limited liability company or a partnership, Franchisee represents, warrants and covenants that:

(a) Franchisee is duly organized and validly existing under the state law of its formation or incorporation;

(b) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(c) Franchisee’s corporate charter, limited liability company agreement, articles of organization or written partnership agreement shall at all times provide that the activities of Franchisee are confined exclusively to operating DaVi Nails Salons, or Em Lash Studio, as the case may be, as franchised herein unless otherwise consented to by Franchisor in writing;

(d) The execution of this Agreement and the performance of the transactions contemplated hereby are within Franchisee's corporate or limited liability company power, or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement, and have been duly authorized by Franchisee;

(e) If Franchisee is a corporation, copies of Franchisee's Articles or Certificate of Incorporation, bylaws, other governing documents and any amendments thereto, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement have been promptly furnished to Franchisor; if Franchisee is a limited liability company, copies of Franchisee's articles of organization or certificate of formation, regulations, other governing documents and any amendments thereto, including the resolution of the members or managers, as applicable, authorizing entry into and performance of this Agreement have been furnished to Franchisor; or, if Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments thereto have been promptly furnished to Franchisor, including evidence of consent or approval of the entry into and performance of this Agreement by the General Partner(s) and/or requisite number or percentage of partners, if such approval or consent is required by Franchisee's written partnership agreement;

(f) If Franchisee is a corporation, limited liability company or a partnership, all interests in Franchisee are owned as set forth in Attachment C hereto. In addition, if Franchisee is a corporation, or limited liability company, Franchisee shall maintain a current list of all owners or members of record and all beneficial owners of any class of voting securities or membership interests of the entity; or if Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership. Such lists shall be furnished to Franchisor upon request and certified by Franchisee's Secretary or General Partner, as applicable. Franchisee shall execute an addendum to Attachment C as deemed necessary by Franchisor in order to ensure the information contained in Attachment C is true, accurate and complete at all times.

(g) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities of Franchisee and each stock certificate of the corporation shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to all restrictions imposed upon assignments by, this Agreement; provided, however, that the requirements of this Section 6.2(g) shall not apply to a publicly-held corporation (as defined in Section 13.2(a)). If Franchisee is a partnership or limited liability company, its written partnership agreement or regulations, as the case may be, shall provide that ownership of an interest in the partnership or membership interest is held subject to, and that further assignment or transfer is subject to all restrictions imposed upon assignments by, this Agreement;

(h) If any officer, manager, general partner or director of Franchisee shall cease to serve as such or any individual shall be elected as an officer, manager, general partner or director of Franchisee subsequent to the execution of this Agreement, Franchisee agrees to provide Franchisor with notice thereof within ten (10) days subsequent to such change. Any newly elected officer, manager, general partner or director shall execute an addendum to this Agreement as one of Franchisee's Principals (as defined in Section 22.7) agreeing to be individually bound by all

obligations of Franchisee's Principals hereunder; and

(i) Franchisee acknowledges and agrees that the representations, warranties and covenants set forth above at Sections 6.2(a)-(h) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under Section 14.3(j) pursuant to which Franchisor may terminate this Agreement. Franchisee shall cooperate with Franchisor in any efforts made by Franchisor to verify Franchisee's compliance with such representations, warranties and covenants.

6.3 Pre-opening Compliance. Prior to opening for business, Franchisee shall comply with all pre-opening requirements set forth in this Agreement, the Operations Manual and/or elsewhere in writing by Franchisor.

6.4 Designation of Operating Principal. Franchisee shall designate and retain an individual to serve as the "Operating Principal" of the franchised business. The Operating Principal shall be a Franchisee's Principal (as defined in Section 22.7) fully authorized by Franchisee to act on behalf of Franchisee in all transactions with Franchisor concerning the Franchised Business and shall generally be required to have an equity interest in the Franchisee, although this requirement may be waived with Franchisor's prior approval.

If Franchisee is an individual, Franchisee shall ordinarily perform the obligations of the Operating Principal. Except as may otherwise be provided in this Agreement, the Operating Principal's equity interest in Franchisee, if any, shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options: The Operating Principal shall devote substantially full time and best efforts to the supervision and conduct of the business franchised hereunder, shall execute this Agreement as a Franchisee's Principal, and shall be individually bound by all obligations of Franchisee and the Operating Principal and of Franchisee's Principals hereunder. The Operating Principal shall be a person acceptable to both Franchisee and Franchisor. If, at any time or for any reason, the Operating Principal no longer qualifies to act as such, Franchisee shall promptly designate another Operating Principal subject to the same qualifications and restrictions listed above. Any sale, transfer or assignment of the Operating Principal's interest in Franchisee, or any portion thereof shall be subject to the restrictions on transfer described in Section XIII hereof, and any failure to comply with such requirements shall be deemed a material event of default by Franchisee under Section 14.3(d) hereof.

6.5 Training. Franchisee agrees that it is important to the operation of the System and the Franchised Business franchised hereunder that Franchisee and Franchisee's employees receive such training as Franchisor may require, and to that end agrees as follows:

(a) (i) Prior to the opening of the Franchised Business, Franchisee's Operating Principal and the number of required managers or assistant managers of Franchisee, as specified in the Operations Manual or otherwise by Franchisor from time to time, shall attend and complete, to Franchisor's satisfaction and at Franchisor's expense (exclusive of travel, meals and lodging, which shall be at Franchisee's expense), the initial orientation training program conducted by Franchisor, which training except as provided in Section 6.5(a)(ii) hereof, shall be conducted

at the Franchisor's offices in Salt Lake City, Utah or at such other location as may be specified by Franchisor. Any person subsequently employed by Franchisee in the position of manager and each subsequent Operating Principal, if any, shall attend and complete, to Franchisor's satisfaction, such initial orientation program as Franchisor may require; and, at Franchisor's sole option, Franchisee shall pay to Franchisor a training fee at the then-current rate being charged by Franchisor to franchisees for such training.

(ii) If Franchisee operates a DaVi Nails Salon or Em Lash Studio, as the case may be, other than the Franchised Business and Franchisee's Operating Principal has completed the initial orientation program to Franchisor's satisfaction, Franchisee may, subject to Franchisor's approval, conduct the initial training program required hereunder for Franchisee's managers and crew members or if Franchisor, in its reasonable business judgment deems appropriate, Franchisor may require Franchisee to conduct such initial training for its managers at the Franchised Business or at another DaVi Nail's salon operated by Franchisee. If Franchisee conducts such initial training, Franchisee's managers shall satisfactorily complete such training as evidenced by Franchisor's written certification thereof.

(b) Franchisee shall cause its Operating Principal, managers and other employees to attend and complete, to Franchisor's satisfaction, such courses, seminars, conferences and other training programs as Franchisor may require from time to time. Such programs may be in a Franchisor owned Salon, or at such other locations as may be specified by Franchisor. Although such additional training programs shall ordinarily be without charge, but subject to Franchisee's obligation to bear expenses in the manner contemplated by Section 6.5(a)(i), Franchisor expressly reserves the right to impose fees for such additional training where provided by third parties or in such other appropriate cases as Franchisor shall determine in its sole discretion. The Operating Principal, Franchisee's managers and other employees may also attend such optional courses, seminars, conferences and training programs as Franchisor may offer from time to time.

(c) Franchisee shall implement a training program for the Franchised Business, employees in accordance with training standards and procedures prescribed by Franchisor and shall staff the Franchised Business at all times during the Term of this Agreement with a sufficient number of trained employees to ensure that the DaVi Nails operation standards are met.

(d) Franchisee or its employees shall be responsible for any and all other expenses incurred by them in connection with any training programs hereunder, including, without limitation, the costs of transportation, lodging, meals and wages.

(e) In connection with the opening of the Franchised Business, Franchisee shall conduct, at Franchisee's expense, such promotional and advertising activities as Franchisor may require. Franchisee agrees that Franchisor, in its reasonable business judgment, may require that the Franchised Business be staffed, in whole or in part, by an opening crew composed of trained representatives of Franchisor for a total period not to exceed twenty-one (21) days occurring before and after the date of opening of the Franchised Business. Franchisee further agrees to reimburse Franchisor for all reasonable expenses incurred in providing such opening crew for the Franchised

Business, including costs of transportation, lodging, meals and wages.

6.6 Hours of Operation. Franchisee shall keep the Franchised Business open and in normal operation for such hours and days as Franchisor may from time to time specify in the Operations Manual or as Franchisor may otherwise approve in writing; and shall refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor. Generally, the Franchised Business shall be open for business at a minimum from 10:00 a.m. to 7:00 p.m. Monday through Saturday and 12 pm to 5:00 pm on Sunday, fifty-two (52) weeks a year, or the hours required by WalMart or the retail mall, unless otherwise authorized or directed by Franchisor. The Franchised Business may be closed on days that the WalMart store or retail mall is closed.

6.7 Franchisee's Staff. Franchisee agrees to maintain a competent, conscientious, trained staff, including the number of required fully trained full-time managers or assistant managers of Franchisee, as specified in the Operations Manual or otherwise by Franchisor from time to time, and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

6.8 Safety Standards. Franchisee shall meet and maintain the highest safety standards applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of any incident report, warning, citation, arrest report and/or fire rating which indicates Franchisee's failure to meet or maintain the highest applicable safety standards in the operation of the Franchised Business.

6.9 Operating Standards. To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards and specifications as Franchisor may from time to time prescribe in the Operations Manual or otherwise in writing. Franchisee further agrees:

(a) To maintain in sufficient supply, and to use and/or sell at all times, only such items, products, materials, supplies and paper goods as conform with Franchisor's standards and specifications, and to refrain from deviating there from by the use or offer of non-conforming items, without Franchisor's prior written consent.

(b) To sell or offer for sale only such items, products and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of items, products and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any items, products or services which Franchisor may, in its discretion, disapprove in writing at any time. With respect to the offer and sale of all items, products and services, Franchisee shall be bound by the terms of the Operations Manual as to the prices to be charged to customers.

(c) Intentionally Deleted.

(d) To purchase and install, at Franchisee's expense, all fixtures, furnishings,



equipment, decor and signs as Franchisor may reasonably direct from time to time in the Operations Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Franchised Business premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, computer software, decor, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications. The equipment shall be maintained in a condition that meets operational standards specified in the Operations Manual and, as equipment becomes obsolete or inoperable, Franchisee will replace the equipment with the types and kinds of equipment as are then approved for use in DaVi Nails Salons. If Franchisor determines that additional or replacement equipment is needed, Franchisee will install the additional equipment or replacement equipment within thirty (30) days from the date Franchisor delivers notice to Franchisee.

(e) To sell or offer for sale products and services at retail only at or from the Franchised Business, and not to sell any such items for redistribution or resale.

(f) Not to install newspaper racks, juke boxes, cigarette machines, rides or lottery ticket terminals on the premises without the prior written approval of Franchisor, not to be unreasonably withheld with respect to any such items as are then located within other franchised or Franchisor-owned DaVi Nails Salons or Em Lash Studios. If such items are installed on the premises after approval from Franchisor is obtained, then all sums received by Franchisee in connection with these items shall be included within "gross sales" as defined in Section 5.3 hereof.

6.10 Approved Suppliers. Franchisee may purchase salon supplies, materials and other products from any quality supplier, keeping in mind that quality is extremely important to the success its business. Franchisee may also purchase such supplies, materials and other products from Franchisor through its Product Supply Division (Complete Beauty Supply) at its regular wholesale prices and must annually purchase a minimum of at least \$4,000 of such salon supplies, materials and other products from such Product Supply Division. A \$500 fine will automatically be assessed for any year in which Franchisee purchases less than such minimum from the Product Supply Division. Franchisor strongly recommends the use of OPI nail products. Franchisor may from time to time recommend suppliers of specific products and services, either in its Operating Manual or in writing to Franchisee, although Franchisee may continue to purchase from other quality suppliers.

6.11 Confidential Methods and Purchase of Products. Franchisee acknowledges and agrees that Franchisor may develop for use in the System certain products which are highly confidential secret methods and which are trade secrets of Franchisor. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such products. Accordingly, Franchisee agrees that, in the event such products become a part of the System, Franchisee shall use only Franchisor's products and shall purchase from Franchisor or from a source designated by Franchisor all of Franchisee's requirements of such products.

6.12 Advertising and Promotional Materials. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including disposable containers and all forms and stationery used in the franchised business), and other items which may be designated

by Franchisor to bear the Franchisor's Marks in the form, color, location and manner prescribed by Franchisor. Only those advertising and promotional materials or items which are authorized by Franchisor in writing prior to use shall be used, sold or distributed, and no display or use of the Franchisor's Marks shall be made without the prior written approval of Franchisor. All materials on which the Franchisor's Marks are used must include the designations (<sup>SM</sup> or <sup>TM</sup> or otherwise) as Franchisor may specify from time to time.

6.13 Maintenance. Franchisee shall maintain the Franchised Business in a high degree of sanitation, repair and condition, and in connection therewith shall, at its sole cost and expense, make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and decor as Franchisor may reasonably direct.

6.14 Improvements and Alterations. Upon Franchisor's reasonable request, but no more often than once every three (3) years, Franchisee shall, at its sole cost and expense, make all improvements and alterations that Franchisor may determine to be necessary for the Franchised Business to conform with the System image as it may be prescribed by Franchisor at that time. Franchisee shall, at its expense, undertake and complete such improvements and alterations within reasonable times specified by Franchisor. Franchisee acknowledges Franchisor's right to make changes in the System image as it reasonably deems appropriate.

6.15 Right of Entry and Inspection. Franchisee shall grant Franchisor and its agents the right to enter upon the Franchised Business premises at any time for the purpose of conducting inspections; shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so), to correct such deficiencies and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand.

6.16 DaVi Nails System. Franchisee acknowledges that the System is a unique salon environment for the provision of nail sculpture, pedicures, silk wraps, nail art, fiber glass treatments, airbrush design, manicures and tip overlays. The establishment and maintenance of a close personal relationship between Franchisor and Franchisee in the operation of the Franchised Business and adherence to the principles of the System constitute the basic underlying substance of this franchise.

6.17 Suggestions from Franchisee. Suggestions from Franchisee for improving elements of the System, such as products, equipment, uniforms, facilities, service format and advertising, are encouraged and will be considered by Franchisor when adopting or modifying standards, specifications and procedures for the System. Franchisee acknowledges and agrees that any such suggestions made by Franchisee hereunder shall become the exclusive property of Franchisor. Franchisor shall have no obligation to utilize suggestions or provide compensation for

any suggestion. Franchisee may not utilize any such suggestions in the Franchised Business without the prior written consent of Franchisor.

6.18 Compliance with Other Terms. Franchisee shall comply with all other requirements set forth in this Agreement.

6.19 Credit Card Processing. Franchisor has made arrangements with Affordable Merchant Services LLC, a Utah limited liability company (“Affordable”) to provide processing and settlement of credit and debit card (“Bank Card”) transactions through First Data Merchant Services Corporation and Wells Fargo Bank, N.A. at competitive and favorable rates. Franchisee agrees to use Affordable for its Bank Card processing and settlement services so long as the rates for such services are at or below those charged by another Bank Card processing and settlement provider available to Franchisee. In the event Franchisee desires to utilize another provider, Franchisee agrees to provide Affordable with not less than ten (10) days prior written notice, setting forth the identity of the other provider and the rates to be charged. If Affordable is not able to match such rates during such period or otherwise persuade Franchisee to continue to use Affordable, Franchisee shall no longer be required to use Affordable.

6.20 Use of Questionnaires: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **VII. Franchisor’s Marks**

7.1 Franchisor’s Agreement as to Franchisor’s Marks. Franchisor represents with respect to the Franchisor’s Marks that:

(a) Franchisor is the owner of all right, title and interest in and to the trademarks, “DaVi Nails”, Em Lash Studio and other DaVi Nails and Em Lash Studio Marks (including common law rights) (together, the “Franchisor’s Marks”) and the right to use them and license others to use them. Franchisor holds federal registration marks from the United States Patent and Trademark Office for all three of it's marks.

(b) Franchisor will take such steps which it deems reasonably necessary or advisable to preserve and protect its interests and rights in the Franchisor’s Marks.

(c) Franchisor will permit Franchisee and other franchisees to use the Franchisor’s Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Franchisor’s Marks.

7.2 Franchisee’s Use of the Franchisor’s Marks. With respect to Franchisee’s licensed

use of the Franchisor's Marks pursuant to this Agreement, Franchisee agrees that:

(a) Franchisee shall use only the Franchisor's Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor.

(b) Franchisee agrees that the nature and quality of all services rendered and goods sold by Franchisee in connection with the Franchisor's Marks, as well as all packaging, publicity, promotional materials, and advertising using the Franchisor's Marks, shall conform to standards set by and be under the control of Franchisor.

(c) Franchisee agrees to cooperate with Franchisor in facilitating Franchisor's control of such nature and quality of all goods, services, packaging, publicity, promotional materials, and advertising, to permit reasonable inspection of Franchisee's operation, and to supply Franchisor with specimens of use of the Franchisor's Marks upon request. Franchisee shall comply with all applicable laws and regulations and obtain all appropriate government approvals pertaining to the sale, distribution and advertising of goods and services covered by this Agreement

(d) Franchisee shall use the Franchisor's Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in advertising for the business conducted at or from that location.

(e) Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the franchised business only under the name "DaVi Nails" and/or Em Lash Studio without prefix or suffix.

(f) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the franchised business, as a franchisee, in conjunction with any use of the Franchisor's Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the franchised business as Franchisor may designate in writing.

(g) Franchisee's right to use the Franchisor's Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

(h) Franchisee shall not use the Franchisor's Marks to incur any obligation or indebtedness on behalf of Franchisor.

(i) Franchisee shall not use the Franchisor's Marks as part of its corporate or other legal name.

(j) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Franchisor's

Marks or to maintain their continued validity and enforceability.

(k) In the event of any infringement of or challenge to Franchisee's use of the Franchisor's Marks or in the event litigation involving the Franchisor's Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully in defending or settling such litigation. Franchisee and Franchisee's Principals agree that they will not communicate with any person other than the Franchisor and Franchisor's counsel in connection with any such action, claim or infringement. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office action or other proceeding arising out of any infringement, challenge or claims relating to the Franchisor's Marks.

7.3 Acknowledgment by Franchisee. Franchisee expressly understands and acknowledges that:

(a) As between the Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Franchisor's Marks and the goodwill associated with and symbolized by them.

(b) The Franchisor's Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(c) Franchisee shall not directly or indirectly contest the validity or Franchisor's ownership of or rights to the Franchisor's Marks.

(d) Franchisee's use of the Franchisor's Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Franchisor's Marks, except the license granted by this Agreement.

(e) Any and all goodwill arising from Franchisee's use of the Franchisor's Marks in its franchised operation under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Franchisor's Marks.

(f) The right and license of the Franchisor's Marks granted hereunder to Franchisee is non-exclusive, and Franchisor thus has and retains the rights, among others:

(i) To use the Franchisor's Marks itself in connection with selling products and services;

(ii) To grant other licenses for the Franchisor's Marks, in addition to those of licenses already granted to existing franchisees and others; and

(iii) To develop and establish other systems using the same or similar Franchisor's Marks, or other proprietary marks, and to grant licenses or franchises thereto without

providing any rights therein to Franchisee.

(g) Franchisor reserves the right to substitute different Franchisor's Marks for use in identifying the System and the business operating thereunder if one or more of Franchisor's currently owned Franchisor's Marks no longer can be used, if or Franchisor, in its sole discretion, determines that substitution of different Franchisor's Marks will be beneficial to the System. In such event, Franchisee shall be responsible for all expenses related to the substitution of different Franchisor's Marks at the Franchised Business and shall complete such substitution in accordance with the deadlines reasonably established by Franchisor.

## **VIII. CONFIDENTIAL OPERATIONS MANUAL**

8.1 Receipt of Operations Manual. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the Franchisor's Marks, Franchisee shall conduct its business in accordance with the Operations Manual, one copy of which Franchisee acknowledges having received on loan from Franchisor for the term of this Agreement. Franchisee may receive additional copies of the Operations Manual from Franchisor during the term of this Agreement and in such case, shall execute any documents required by Franchisor to acknowledge such receipt and compliance with the requirements of this Section 8.1.

### 8.2 Adherence to Operations Manual, as Modified from Time to Time.

(a) Franchisee acknowledges and agrees that prompt adoption of and adherence to Franchisor's comprehensive Salon format and operating system, including a standardized design, decor, equipment system, color scheme and style of building and signage, uniform standards, specifications and procedures of operation, quality and uniformity of product and services offered, and the provisions of the Operations Manual, as amended from time to time, are reasonable, necessary and essential to the image and success of all DaVi Nails Salons. The Operations Manual contains the official mandatory Salon operating standards, specifications and procedures prescribed from time to time by Franchisor for the operation of a DaVi Nails Salon. Franchisor expressly reserves the right to modify the Operations Manual and all other materials pertaining to the System at its sole discretion. The Operations Manual shall be kept at the Franchised Business at all times and all changes or additions made by Franchisor shall be inserted upon receipt. In the event of any conflict between the Operations Manual kept at the Franchised Business and the master copy maintained by Franchisor in Salt Lake City, Utah (or such other place as may be designated by Franchisor), the master copy shall control.

(b) Franchisee agrees that changes in the standards, specifications and procedures may become necessary and desirable from time to time and agrees to accept and comply with such modifications, revisions and additions to the Operations Manual which Franchisor in the good faith exercise of its judgment believes to be desirable and reasonably necessary. The material and information set forth in the Operations Manual is confidential and proprietary to Franchisor and is to be used by Franchisee only in connection with the operation of the Franchised Business and other franchised DaVi Nails Salons. The Operations Manual and other specifications, standards and operating procedures communicated in writing to Franchisee shall be deemed a part of this Agreement; provided, however, that nothing in the Operations

Manual shall be construed so as to alter Franchisee's status and rights under this Franchise Agreement.

8.3 Confidential Treatment of Operations Manual. Franchisee and Franchisee's Principals shall at all times treat the Operations Manual any other manuals created for or approved for use in the operation of the franchised business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee and Franchisee's Principals shall not at any time copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

8.4 Ownership of Operations Manual. The Operations Manual shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure place on the Franchised Business premises.

8.5 Fee for Lost or Replaced Operations Manual. Franchisor reserves the right to impose a reasonable fee for any replacement Operations Manual requested by Franchisee, if the replacement is necessitated by Franchisee's failure to maintain or update the Operations Manual as provided above or Franchisee's loss of the Operations Manual.

## **IX. CONFIDENTIAL INFORMATION; UNFAIR COMPETITION**

9.1 No Disclosure. Neither Franchisee nor Franchisee's Principals shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee or Franchisee's Principals or of which they may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and Franchisee's Principals shall divulge such confidential information only to such of Franchisee's employees as must have access to it in order to operate the franchised business. Any and all information, drawings, knowledge, know-how and techniques used in or related to the System which Franchisor communicates, in writing or otherwise to Franchisee including but not limited to software licensed or provided by Franchisor, the Operations Manual, videotaped and written training materials, plans and specifications, marketing information and strategies, and site evaluation and selection techniques, shall be deemed confidential for purposes of this Agreement.

9.2 Concurrence by Employees and Others. Franchisee shall require any and all managers of the Franchisee and any other employees, agents, directors, officers or independent contractors of the Franchisee having access to confidential information of Franchisor, and any Franchisee's Principal and any holder of a beneficial interest of more than ten percent (10%) of the securities of Franchisee and any corporation, partnership or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation, partnership or limited liability company (or of any general partner that is a corporation, partnership or limited liability company and any corporation, partnership or limited liability company directly or indirectly controlling a general partner of Franchisee, or from any limited partner, if Franchisee is a partnership), to

execute covenants that they will maintain the confidentiality of information they receive in connection with their relationship with Franchisee. Such covenants shall be substantially in the form contained in Attachment B.

9.3 Unfair Competition. Franchisee and Franchisee's Principals acknowledge the uniqueness of the System and that Franchisor is making its knowledge, know-how and expertise available to it for the purpose of operating the Franchised Business. Franchisee and Franchisee's Principals agree that it would be an unfair method of competition for Franchisee or such Franchisee's Principal to use or duplicate or to allow others to use or duplicate any of the knowledge, know-how and expertise received from Franchisor for any use other than for the operation of franchised DaVi Nails Salons and/or Em Lash Studios. Franchisee and each Franchisee Principal, therefore, warrants that during the Term of this Agreement, Franchisee and such Franchisee's Principal will utilize its, his or her best and continuing efforts to promote and develop the business at the Franchised Business and during the Term hereof and at all times thereafter will not directly or indirectly engage in the operation of any Salon (other than the Franchised Business and other DaVi Nails Salons franchised from Franchisor) which utilizes or duplicates the System, any trade secrets of Franchisor, the Franchisor's Marks or the present or any former System image of DaVi Nails Salons, or divulge such confidential information to any person other than Franchisee's employees and then only to the extent necessary for the operations of the Franchise Business hereunder and, specifically, that Franchisee and such Franchisee's Principal will not permit anyone to use, reproduce, copy, or exhibit any trade secrets of Franchisor. Franchisor expressly reserves the right (on its behalf and on behalf of any other entity which it may acquire, or be acquired by, or otherwise become affiliated with) to operate additional concepts in the future, and Franchisee and Franchisee's Principals hereby agree that such businesses which may be operated by Franchisor do not constitute any breach of this Agreement or any implied covenant hereof.

9.4 Franchisor's Remedies. Franchisee and Franchisee's Principals acknowledge that any failure to comply with the requirements of this Section IX shall constitute a material event of default under Section 14.3(g) and will cause Franchisor irreparable injury; and, therefore, Franchisee and Franchisee's Principals agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section IX.

## **X. ACCOUNTING AND RECORDS**

10.1 Accounting. Franchisee agrees to use the services of POS Systems, a third party accounting services provider approved by Franchisor and WalMart, or other firm approved by Franchisor and WalMart and shall maintain during the term of this Agreement, and shall preserve for at least six (6) years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Operations Manual or otherwise in writing. In addition, Franchisee shall submit to Franchisor upon request such records as Franchisor may reasonable request from time to time.

10.2 Gross Sales Report. Franchisee shall submit to Franchisor in such manner that such



report is received by Franchisor on the first day of each month during the term of this Agreement after the opening of the Franchised Business a remittance report in the form prescribed by Franchisor, accurately reflecting all gross sales during the preceding calendar month, and such other data or information as Franchisor may require.

10.3 Other Reports. Franchisee shall also submit or make available to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Operations Manual or otherwise in writing.

10.4 Audits. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to the late charge identified in Section 5.4 of this Agreement from the date such amount was due until paid. If an inspection discloses an understatement in any report of five percent (5%) or more of gross sales for the period covered by any report which is the subject of such inspection or audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

## **XI. OPTION TO OBTAIN RENEWAL FRANCHISE AGREEMENT**

11.1 Option to Obtain Renewal Franchise Agreement. Franchisee shall have, exercisable on the expiration date of the Term of this Agreement, an option to obtain a renewal franchise agreement ("Renewal Franchise Agreement") for a term of three (3) years (longer, if permitted by the Wal-Mart Master Lease), provided that each of the conditions in (a) through (i) below are satisfied by Franchisee and Franchisee's Principals, if applicable:

(a) Franchisee has given Franchisor written notice ("Notice") of its intention to exercise its option to obtain a Renewal Franchise Agreement not less than six (6) months nor more than twelve (12) months prior to the expiration of the Term of this Agreement.

(b) Franchisee, at the time of the Notice and at the time of the expiration of the Term of this Agreement, is not in default of and has substantially complied with the terms and conditions of this Agreement consistently and throughout its Term, including but not limited to the following:

(i) Franchisee has operated the Franchised Business in accordance with the terms and conditions of this Agreement, including, but not limited to, operating the Franchised Business in compliance with the operating standards and specifications established from time to time by Franchisor as to quality of safety, service, cleanliness, health and sanitation;

(ii) Franchisee has satisfied, in a timely fashion, all monetary

obligations owed by Franchisee to Franchisor in accordance with the terms and conditions of this Agreement; and

(iii) Franchisee has maintained, improved, altered and remodeled the building, premises, signs and equipment throughout the Term of this Agreement in accordance with the terms and conditions of this Agreement.

(c) Within one hundred and twenty (120) days after receipt of the Notice, Franchisor shall advise Franchisee in writing if Franchisee is not eligible to obtain a Renewal Franchise Agreement, specifying the reasons for such ineligibility and identifying whether such deficiencies are capable of cure, and the cure period, if applicable. Between the date of the Notice and the expiration date of the Term of this Agreement, if any act, circumstance or omission causes Franchisee to become ineligible to obtain a Renewal Franchise Agreement then Franchisor shall advise Franchisee in writing thereof, specifying the deficiency and identifying a cure period if applicable.

(d) Franchisee shall present satisfactory evidence to Franchisor that Franchisee has the right to remain in possession of the approved location for the term of the Renewal Franchise Agreement.

(e) Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Franchised Business premises as Franchisor may reasonably require, including, without limitation, renovation of signs, furnishings, fixtures and decor, to reflect the then-current standards and image of the System.

(f) Franchisee and Franchisee's Principals shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage franchise fee and provision for a different advertising contribution; provided, however, that Franchisee shall pay, in lieu of an Initial Franchise Fee, a renewal fee of \$1,000.00.

(g) Franchisee and Franchisee's Principals shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, managers, members, shareholders, partners, employees, servants, representatives and agents.

(h) Franchisee shall comply with Franchisor's then current qualification and training requirements.

(i) Franchisee shall not be in default of any provision of any other agreement between Franchisee and Franchisor or its subsidiaries and affiliates; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof.

(j) All renewal rights shall be subject to the Franchisor's rights to the

Premises from WalMart or the retail mall, including all terms and rent rates.

## **XII. INSURANCE**

12.1 Insurance Required. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their affiliates and subsidiaries, successors and assigns and their respective officers, directors, managers, members, shareholders, partners, employees, servants, representatives and agents, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the franchised business. Such policy or policies shall be written by a reputable insurance carrier or carriers approved by Franchisor, such approval not to be unreasonably withheld, and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time), in accordance with standards and specifications set forth in the Operations Manual or otherwise in writing, the following:

(a) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability and fire damage coverage, in the amount of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, and Two Million Dollars (\$2,000,000) per occurrence for property damage.

(b) "All Risks" coverage (including earthquake and flood where required) for the full cost of replacement of the Franchised Business premises and all other property in which Franchisee may have an interest with no coinsurance clause.

(c) Employer's Liability and Workers' Compensation insurance in amounts required or described under applicable state law; and such other insurance as may be required by the state or locality in which the franchised business is located and operated (if not required by applicable law, the Franchisee may be granted an exception from such insurance requirement only with the prior written consent of Franchisor, not to be unreasonably withheld.)

(d) Franchisee may, with the prior written consent of Franchisor, elect to have reasonable deductibles in connection with the coverage required under Sections 12.1 (a) and (b) hereof.

(e) In connection with any construction, renovation, refurbishment or remodeling of the Franchised Business, Franchisee shall maintain Builder's Risk insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

12.2 No Limitation on Obligation to Maintain. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's

performance of that obligation relieve it of liability under the indemnity provisions set forth in Section XVIII of this Agreement.

12.3 Recovery Clause in Policies. All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to Franchisor or its subsidiaries and affiliates and their respective officers, directors, managers, shareholders, members, partners, employees, servants, representatives and agents, by reason of the negligence of Franchisee or its subsidiaries and affiliates and their respective officers, directors, managers, shareholders, members, partners, employees, servants, representatives and agents.

12.4 Delivery to Franchisor. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of Workers' Compensation, shall name Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, managers, shareholders, members, partners, employees, servants, representatives and agents as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

12.5 Failure of Franchisee, Right for Franchisor to Procure. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Operations Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.6 Umbrella Insurance Plan. In order to provide cost savings for franchisees and to better manage and track insurance obligation of franchisees, Franchisor has obtained an umbrella insurance plan which meets all of the requirements of franchisees set forth above (the "Umbrella Plan"). Franchisee will be required to participate in the Umbrella plan and to pay the premiums related thereto when as invoiced by Franchisor. In the event Franchisee believes it can obtain such insurance directly at lower cost, Franchisee may petition Franchisor for consent to obtain such insurance independently, which consent shall not be unreasonably withheld.

### **XIII. ASSIGNMENT; CONDITIONS AND LIMITATIONS; OPTION TO PURCHASE**

13.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity.

Nothing contained in this Agreement shall require Franchisor to offer any services or products, whether or not bearing the Franchisor's Marks, to Franchisee if Franchisor assigns its rights in this Agreement.

### 13.2 Transfer By Franchisee.

(a) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor has granted this franchise and entered into this Agreement in reliance on the business skill, financial capacity and personal character of the Franchisee and Franchisee's Principals and any guarantor of Franchisee. Accordingly, neither Franchisee nor any initial or subsequent successor or assignee to any part of Franchisee's interest in this franchise or Agreement, nor any individual, partnership, corporation or other entity which directly indirectly has or owns any interest in this Agreement, in the franchised business or in Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the franchised business or in any entity which owns this franchise without the prior written consent of Franchisor; provided, however, that Franchisor's prior written consent shall not be required for a transfer of less than a twenty-five percent (25%) interest in a publicly-held corporation. A publicly held corporation is a corporation having its securities registered pursuant to Section 12 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or a corporation subject to the requirements of Section 15(d) under the Exchange Act. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor required by this Section 13.2(a) shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate this Agreement without opportunity to cure pursuant to Section 14.3(e) of this Agreement.

(b) Franchisee and its assignee shall enter into a Bill of Sale, Assignment and Assumption Agreement consented to by Franchisor, substantially in the form of Attachment O to this Agreement. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in the franchised business or in this Agreement. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

(i) All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries and its affiliates shall have been satisfied;

(ii) Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor, or its subsidiaries and affiliates;

(iii) The transferor, and any of its principals if applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, managers, members, shareholders, partners, employees, servants, representatives and agents, in their corporate, partnership, limited liability company and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws,

rules and ordinances;

(iv) The transferee shall, at Franchisor's election, consistent with then current Franchisor policy, either (a) enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; or (b) execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and such other ancillary agreements as Franchisor may require for the franchised business; and if transferee is a corporation, limited liability company or a partnership, transferee's shareholders, members, partners or other investors, as applicable, shall execute such agreements as transferee's principals and shall guarantee the performance of all such obligations, contracts and agreements in writing in a form satisfactory to Franchisor. If the transferee is required to execute a new franchise agreement, such agreement shall supersede this Agreement and its ancillary documents in all respects and the terms of such agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage franchise fee; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(v) The transferee shall demonstrate to Franchisor's satisfaction that transferee and transferee's principals meet the criteria considered by Franchisor when reviewing a prospective franchisee's application for a franchise including but not limited to Franchisor's educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity of other DaVi Nails Salons owned or operated by transferee and the territories or areas with respect to which transferee is obligated to develop DaVi Nails Salons pursuant to any development agreement between Franchisor and transferee, in relation to the Franchised Business;

(vi) The transferee, at its expense, shall upgrade the Franchised Business to conform to the then-current standards and specifications of DaVi Nails Salons, and shall complete the upgrading and other requirements within the time specified by Franchisor;

(vii) Transferor shall remain liable for all of the obligations to Franchisor in connection with the franchised business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(viii) At the transferee's expense, the transferee, the transferee's manager and the transferee's Operating Principal shall complete any training programs then in effect for franchisees upon such terms and conditions as Franchisor may reasonably require;

(ix) Franchisee shall pay a transfer fee of Two Thousand Dollars (\$2,000), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees; and

(x) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Section 6.2 as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Section 6.2 have been satisfied and are true and correct on the date of transfer.

(c) Franchisee shall not grant a security interest in the franchised business or in any of its assets, without Franchisor's prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by Franchisor to agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee.

(d) Franchisee acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

13.3 Transfer for Convenience of Ownership. In the event the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements set forth at Section 13.2(b), except that the requirements set forth at Sections 13.2(b) (iii), (iv), (v), (vi), (viii) and (ix) shall not apply. With respect to a transfer to a corporation or other entity formed for the convenience of ownership, Franchisee shall be the owner of all of the voting stock or equity interest of the corporation or other entity and if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or other entity as he or she had in Franchisee prior to the transfer.

#### 13.4 Right of First Refusal.

(a) In the event Franchisee or a Franchisee's Principal desires to accept any bona fide offer from a third party to purchase an interest in this Agreement, the franchised business or the Franchisee, they shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 13.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XIII, with respect to a proposed transfer.

(b) In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to

purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, an independent appraiser shall be designated by Franchisor to determine such amount (with cost of such appraisal to be borne by Franchisee or the Franchisee's Principal, as the case may be), and his determination shall be binding.

### 13.5 Transfer Upon Death or Permanent Disability.

(a) Upon Franchisee's death or permanent disability (or the death or permanent disability of any Franchisee's Principal the transfer of whose interest, together with previous, simultaneous or contemplated transfers, would have the effect of transferring more than a 49% interest in Franchisee on a cumulative basis), the rights of Franchisee (or such Franchisee's Principal) in the franchised business may pass to Franchisee's (or such Franchisee's Principal's) legatees, designees or assignees (who shall be identified to Franchisor as promptly as possible after the death or permanent disability if they desire to participate in the management of Franchisee in order to permit adequate time for Franchisor to review their qualifications), provided such successors are qualified and acceptable to Franchisor to operate the Franchised Business and agree in writing, in form satisfactory to Franchisor, to assume Franchisee's (or such Franchisee's Principal's) obligations under this Agreement. If, in Franchisor's judgment, the successor is not capable of operating the Franchised Business or cannot devote sufficient time and efforts to the operation of the Franchised Business, and no arrangements acceptable to Franchisor for management have been made within six months of the death or permanent disability, Franchisor may elect to operate or manage the Franchised Business for the account of Franchisee until the deceased or disabled Franchisee's (or Franchisee's Principal's) interest is transferred to another party acceptable to Franchisor in accordance with the terms and conditions of this Agreement. However, in no event shall Franchisor's operation and management of the Franchised Business continue for a period in excess of twelve (12) full calendar months without the consent of Franchisee or the successor, as may be appropriate in the circumstances. In the event that Franchisor operates or manages the Franchised Business on Franchisee's behalf, Franchisor shall account to and return the net income from such operation to Franchisee, less expenses and a reasonable management fee to be determined by Franchisor, not to exceed 8% of the franchised business' gross sales for the period in which Franchisor operates or manages the Franchised Business. (Franchisee shall continue to be obligated to pay all franchise and advertising fees during the period within which Franchisor operates or manages the Franchised Business on Franchisee's behalf). If the disposition of the deceased or disabled Franchisee's (or Franchisee's Principal's) interest has not been resolved within twelve (12) months from the later of (i) the date of death or disability or (ii) the date that Franchisor commenced managing the Franchised Business, Franchisor shall have the right to purchase the Franchised Business (or the interest in Franchisee of the Franchisee's Principal) at fair market value. The fair market value of the real estate upon which the Franchised Business is situated (or the obligations arising under any real property lease relating thereto) and of the furniture, fixtures, signs, equipment, inventory and other personal property shall be conclusively established by a licensed appraiser acceptable to both parties, or as the average of the appraisals made by three licensed real estate brokers or licensed appraisers, one to be selected by Franchisor and one by Franchisee. The third shall be mutually agreed upon by the brokers and/or appraisers selected by Franchisor and Franchisee (the parties shall bear equally the expenses of such appraisal). The purchase price shall be paid in four (4)



installments, the first of which shall be made within 30 days of the Franchisor's notice of its election to purchase the Franchised Business or interest or the date of receipt of the appraisal of the fair market value of the Franchised Business or interest, and the remaining three (3) installments shall be paid at one (1) year intervals from the date of the first payment, with interest payable on the unpaid balance on the due date of each installment of principal at a rate equal to the prevailing prime rate for major money center banks quoted in The Wall Street Journal on the date such election to purchase is made.

(b) Upon the death or permanent disability of a Franchisee's Principal that does not meet the 49% threshold of Section 13.5(a), the executor, administrator, or personal representative of such Franchisee's Principal shall transfer the Franchisee's Principal's interest in Franchisee to a third party approved by Franchisor within a reasonable time after the Franchisee's Principal's death or permanent disability. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to Franchisor's right of first refusal under Section 13.4, or, if such right is not exercised, the same conditions as may be imposed on any inter vivos transfer under this Section XIII. In the case of transfer by devise or inheritance, if the heir is not approved or there is no heir, the executor shall use best efforts to transfer the Franchisee's Principal's interest to another party approved by Franchisor within twelve (12) months from the date of the Franchisee's Principal's death. If the conveyance of the Franchisee's Principal's interest to a party acceptable to Franchisor has not taken place within the twelve (12) month period, Franchisor shall have the option to purchase the Franchisee's Principal's interest at fair market value (as determined in accordance with the provisions of Section 13.5(a)).

(c) As used herein, "permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of the person; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section XIII. The costs of any examination required by this Section XIII shall be paid by Franchisor.

13.6 Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

13.7 Offerings by Franchisee. Securities or interests in Franchisee may be offered to the public by private offering or otherwise only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under Section 13.2 hereof), which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No Franchisee offering shall imply (by use of the Franchisor's Marks or otherwise) that Franchisor is participating in an underwriting, issuance or

offering of Franchisee or Franchisee securities; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of Five Thousand Dollars (\$5,000), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 13.7.

#### **XIV. DEFAULT AND TERMINATION**

14.1 General. Franchisee acknowledges and agrees that each of the Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and agrees that the exercise by Franchisor of the rights and remedies set forth herein are appropriate and reasonable.

14.2 Events of Default without Notice. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein, at Franchisor's option, shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes or other appeal bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable.

14.3 Events of Default with Notice. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, effective immediately upon notice to Franchisee if no cure period is provided for, or at the expiration of the applicable cure period if not cured, upon the occurrence of any of the following events:

(a) If Franchisee at any time ceases to operate or otherwise abandons the franchised business, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that this provision shall not apply in cases of acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control, if through no fault of Franchisee, the premises are damaged or destroyed by an event as described above, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation; such approval may be conditioned upon the payment of an agreed minimum Monthly Franchise Fee to Franchisor during the period in which the Franchised Business is not in operation;

(b) If Franchisee or any of Franchisee's Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Franchisor's Marks, the goodwill associated therewith, or Franchisor's interest therein;

(c) If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business, and such threat or danger is not removed or cured within two (2) days after notification by Franchisor;

(d) If Franchisee fails to propose a qualified Operating Principal or any replacement thereof, within a reasonable time as required under Section 6.4 hereof;

(e) If Franchisee or any partner, member or shareholder in Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the franchised business to any third party without Franchisor's prior written consent, or without offering Franchisor a right of first refusal with respect to such transfer, contrary to the terms of Section XIII of this Agreement;

(f) If Franchisee or any of Franchisee's Principals fails to comply with the covenants in Section 16.1 hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Sections 9.2, 16.6 or 16.7 hereof;

(g) If, contrary to the terms of Sections VIII or IX hereof, Franchisee or any of Franchisee's Principals discloses or divulges the contents of the Operations Manual or other confidential information provided to Franchisee or Franchisee's Principals by Franchisor;

(h) If a transfer upon death or permanent disability is not transferred in accordance with Section XIII, within the time periods required by Section XIII.

(i) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

(j) If Franchisee breaches any of the covenants set forth in Section 6.2 or has

falsely made any of the representations or warranties set forth in Section 6.2;

(k) If Franchisee misuses or makes any unauthorized use of the Franchisor's Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein and does not cure such default within twenty-four (24) hours following notice from Franchisor;

(l) If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its subsidiaries or affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement, and does not cure said failure within ten (10) days after notification by Franchisor; or

(m) If Franchisee repeatedly is in default under Section 14.4 hereof for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice.

**14.4 Other Events of Default with Notice and 30-Day Opportunity to Cure.** Except as provided in Sections 14.2 and 14.3 of this Agreement, upon any default by Franchisee which is susceptible of being cured, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty-day period (or within such shorter time period as Franchisor may reasonably specify), and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty-day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

(a) If Franchisee fails to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by the Operations Manual, or fails to carry out the terms of this Agreement in good faith.

(b) If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Operations Manual, or otherwise in writing.

(c) Except as provided in Section 14.3(e) hereof, if Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

(d) If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to or dilutes the Franchisor's Marks.

**14.5 Termination by Franchisee.** If Franchisee is in compliance with this Agreement, it may terminate this Agreement for a material breach or a material default of the Agreement by Franchisor thirty (30) days after giving Franchisor notice of such intent, specifying the breach or

default if the breach or default remains uncured at the end of the 30-day period; provided, however, that if the nature of Franchisor's breach or default is such that more than thirty (30) days are reasonably required for performance or cure, then Franchisor shall not be in breach or default if it commences performance within the thirty (30) day period and thereafter diligently continues and cures the breach or default. Except as otherwise provided in this Agreement, a termination of this Agreement by Franchisee without complying with the foregoing requirements, or for any reason other than Franchisor's breach of this Agreement and failure to cure within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisor without cause and not in accordance with the provisions of this Agreement.

14.6 Early Termination by Wal-Mart. If your salon location is space in a Wal-Mart store, you will have a Franchisee Sublease Agreement in the form of Attachment A to this Franchise Agreement. Wal-Mart will have the right to terminate a lease in any of their stores at any time during the first five years, in which case Wal-Mart will refund the construction build-out costs amortized over five years, up to \$100,000. If terminated early, a Franchisee will be entitled to a refund of a portion of its Initial Franchise Fee amortized over five years, as set forth in the Franchisee Sub-lease Agreement signed by such Franchisee.

## **XV. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

15.1 Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

(a) Franchisee shall immediately cease to operate the business franchised under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

(b) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the mark "DaVi Nails"; and all other Franchisor's Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Franchisor's Marks.

(c) Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "DaVi Nails" or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

(d) (i) If Franchisee operates the Franchised Business under a lease for the Franchised Business premises with a third party, Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the franchised business. Franchisor may exercise such option at or within thirty (30) days after either

termination or (subject to any existing right to renew) expiration of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the premises of the franchised business, Franchisee, at its sole cost and expense, shall make such modifications or alterations to the premises operated hereunder (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Salons under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 15.1(d)(i), Franchisor shall have the right to enter upon the premises where Franchisee's franchised business was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

(ii) Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the franchised business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall be purchasing Franchisee's assets only and shall be assuming no liabilities whatsoever. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee hereunder against any payment therefor.

(iii) With respect to the options described in this Section 15.1(d), Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities.

(iv) The time for closing of the purchase and sale of the properties described in Section 15.1(d)(ii) shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 15.1(d)(i) shall be a date no later than ten (10) days after Franchisor's exercise of its option thereunder unless Franchisor is also exercising its option under Section 15.1(d)(ii) in which case the date of the closing shall be on the same closing date prescribed for such purchase option. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

(e) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Franchisor's Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute

Franchisor's rights in and to the Franchisor's Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

(f) Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

(g) Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 15.1.

(h) Franchisee shall immediately deliver to Franchisor all software licensed or provided by Franchisor, if any, all manuals, including the Operations Manual, records, files, instructions, correspondence, all materials related to operating the franchised business, including, without limitation, videotaped and written training materials, brochures, agreements, invoices and any and all other materials relating to the operation of the franchised business in Franchisee's possession, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

(i) Franchisee and Franchisee's Principals shall comply with the restrictions on confidential information contained in Section 9.1 and the covenants contained in Section 16.1 of this Agreement. Any other person required to execute similar covenants pursuant to Sections 9.2 or 16.6 shall also comply with such covenants.

## **XVI. COVENANTS**

16.1 Covenants of Franchisee and Franchisee's Principals. Franchisee and Franchisee's Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and Franchisee's Principals will receive valuable specialized training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which is beyond the present skills and experience of Franchisee, Franchisee's Principals and Franchisee's managers and employees. Franchisee and Franchisee's Principals acknowledge that such training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the franchised business, and that gaining access to such training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. Franchisee and Franchisee's Principals also acknowledge that such training, trade secrets and confidential information are provided by Franchisor for the benefit of the System,

and each DaVi Nails Salon under the System, and that the System and each such Salon individually and mutually benefit from all franchisees' compliance with the covenants described below. In consideration for such training, trade secrets, confidential information and benefits, Franchisee and Franchisee's Principals covenant as follows:

(a) With respect to Franchisee, during the term of this Agreement, or, with respect to each of Franchisee's Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Franchisee's Principals" (as described in Section 22.7 of this Agreement), except as otherwise approved in writing by Franchisor, neither Franchisee nor Franchisee's Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership or corporation or other entity:

(i) Divert or attempt to divert any business or customer of the business franchised hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Franchisor's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, engage in, or have any interest in, advise, help or makes loans to any nail salon or nail services business or concern in the United States.

(b) With respect to Franchisee, for a continuous uninterrupted period commencing upon the expiration or termination of, or the transfer of all of Franchisee's interest in, this Agreement, regardless of the cause thereof (or, with respect to each of Franchisee's Principals, commencing upon the earlier of: (x) the expiration or termination of, or the transfer of all of Franchisee's interest in, this Agreement or (y) the time such individual or entity ceases to satisfy the definition of "Franchisee's Principals" (as described in Section 22.7 of this Agreement)), and continuing for two (2) years thereafter, except as otherwise approved in writing by the Franchisor, neither Franchisee nor Franchisee's Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, or corporation:

(i) Divert or attempt to divert any business or customer of the business franchised hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Franchisor's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, engage in, or have any interest in,



advise, help or make loans to any nail salon or nail services business or concern.

(c) Sections 16.1(a)(iii) and 16.1(b)(iii) shall not apply to ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

16.2 Covenants are Independent. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XVI is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, Franchisee and Franchisee's Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XVI.

16.3 Unilateral Reduction in Scope of Covenants. Franchisee and Franchisee's Principals understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 16.1 in this Agreement, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and Franchisee's Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XXI hereof.

16.4 Claims No Defense. Franchisee and Franchisee's Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section XVI. Franchisee and Franchisee's Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section.

16.5 Consent to Injunctive Relief. Franchisee and Franchisee's Principals acknowledge that a violation of the terms of this Section XVI would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and Franchisee's Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Franchisee or Franchisee's Principals in violation of the terms of this Section XVI.

16.6 Covenants from Managers/Employees and Others. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section XVI (including covenants applicable upon the termination of a person's relationship with Franchisee) from any and all managers of Franchisee and any other employees of Franchisee who have received or will receive training or confidential information from Franchisor, and any Franchisee's Principal and any holder of a beneficial interest of less than ten percent (10%) of the securities of Franchisee and any corporation, partnership or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation, partnership or limited liability company (or of any general partner that is a corporation, partnership or limited liability company and any corporation, partnership or limited liability company directly or indirectly controlling a general partner of Franchisee, or from any limited partner, if Franchisee is a partnership). The covenants required by this Section 16.6 shall be substantially in the form contained in Attachment B. Failure by Franchisee to obtain

execution of the covenants required by this Section 16.6 shall constitute a default under Section 14.3(f) hereof.

16.7 Guaranty of Franchisee's Obligations. Each of Franchisee's Principals shall, concurrently with execution of this Agreement or upon becoming a Franchisee's Principal, execute the Guaranty substantially in the form contained in Attachment D. Further, within thirty (30) days after the Franchisor's request, Franchisee shall require and obtain execution of the Guaranty by any holder of a beneficial interest of less than ten percent (10%) of the securities of Franchisee and any corporation, partnership or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation, partnership or limited liability company (or of any general partner that is a corporation, partnership or limited liability company and any corporation, partnership or limited liability company directly or indirectly controlling a general partner of Franchisee, or from any limited partner, if Franchisee is a partnership).

## **XVII. TAXES, PERMITS AND INDEBTEDNESS**

17.1 Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

17.2 Bona Fide Dispute. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the franchised business, or any improvements thereon.

17.3 Permits and Compliance with Law. Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits and fire and electrical inspections.

17.4 Notice of Action. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the franchised business.

## **XVIII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

18.1 Independent Contractor. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an

independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. During the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which Franchisor reserves the right to specify. It is understood and agreed that nothing in this Agreement authorizes Franchisee or any of Franchisee's Principals to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee or Franchisee's Principals in the conduct of the franchised business or for any claim or judgment arising therefrom against Franchisee, any of Franchisee's Principals or Franchisor. Franchisor shall have no control over the terms and conditions of employment of Franchisee's employees.

18.2 Indemnification. Franchisee and each of Franchisee's Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its subsidiaries, affiliates, successors and assigns and their respective officers, managers, directors, shareholders, members, partners, agents, representatives, independent contractors and employees ("Indemnitees"), from all "losses and expenses" (as defined in Section 18.5 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(a) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's Principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Franchisor's Marks or other proprietary information granted hereunder);

(b) The violation, breach or asserted violation or breach by Franchisee or any of Franchisee's Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

(c) Libel, slander or any other form of defamation of Franchisor, the System or any developer or franchisee operating under the System, by Franchisee or by any of Franchisee's Principals;

(d) The violation or breach by Franchisee or by any of Franchisee's Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee, its subsidiaries and affiliates and Franchisor, its subsidiaries and affiliates or the officers, directors, managers, shareholders, members, partners, agents, representatives, independent contractors and employees thereof; and

(e) Acts, errors, or omissions of Franchisee, any of Franchisee's subsidiaries or affiliates and any of Franchisee's Principals and the officers, directors, managers, shareholders,

members, partners, agents, representatives, independent contractors and employees of Franchisee and its subsidiaries and affiliates in connection with the establishment, possession, ownership or operation of the Franchised Business.

18.3 Notice to be Given to Franchisor. Franchisee and each of Franchisee's Principals agree to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each of Franchisee's Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall in no manner or form diminish the obligation of Franchisee and each of Franchisee's Principals to indemnify the Indemnitees and to hold them harmless.

18.4 Settlement or Other Remedial Actions by Franchisor. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it in its discretion deems appropriate, consent or agree to settlements or take such other remedial or corrective actions as it deems expedient with respect to any action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(a) any of the acts or circumstances enumerated in Section 18.2(a)-(d) above have occurred; or

(b) any act, error, or omission as described in Section 18.2(e) may result directly or indirectly in damage, injury, or harm to any person or any property.

All losses and expenses incurred under this Section XVIII shall be chargeable to and paid by Franchisee or any of Franchisee's Principals pursuant to their respective obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

18.5 Definition of "Losses and Expenses". As used in this Section XVIII, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorney's fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

18.6 Indemnification Not Limited. The Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee, any of Franchisee's Principals, Franchisee's subsidiaries and affiliates or any of the officers, directors, managers, shareholders, members, partners, agents, representatives, independent contractors and employees of Franchisee, its subsidiaries or affiliates may contract, regardless of the purpose. Franchisee and each of Franchisee's Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of Franchisee, Franchisee's

Principals, Franchisee's subsidiaries and affiliates, the officers, directors, managers, shareholders, members, partners, agents, representatives, independent contractors and employees of Franchisee and its subsidiaries and affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of Franchisor or any other party or parties arising in connection therewith, and whether such negligence be sole, joint or concurrent, or active or passive.

18.7 No Requirement to Pursue Third Party. Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of Franchisee's Principals. Franchisee and each of Franchisee's Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any of Franchisee's Principals by the Indemnitees.

18.8 Survival. Franchisee and Franchisee's Principals expressly agree that the terms of this Section XVIII shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **XIX. APPROVALS AND WAIVERS**

19.1 Requests for Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent shall be obtained in writing.

19.2 Effect of Approvals. Franchisor makes no warranties or guarantees upon which Franchisee or Franchisee's Principals may rely, and assumes no liability or obligation to Franchisee or such persons, by providing any waiver, approval, consent, or suggestion to Franchisee or Franchisee's Principals in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

19.3 No Deemed Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or Franchisee's Principals under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee or Franchisee's Principals, or as to any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or Franchisee's Principals of any terms, provisions, covenants, or conditions of this Agreement.

## **XX. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, or sent by prepaid telex or facsimile (provided the sender confirms the telex or facsimile by sending an original confirmation copy thereof by certified or registered mail or expedited delivery service within three (3) business days after transmission thereof) to the

respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:  
DaVi Nails Salon and Spa, L.L.C.  
1559 West 3860 South  
West Valley City, UT 84119  
Tel. 801-596-1180  
www.davinails.com

Notices to Franchisee and Franchisee's Principals:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing. Business day for the purpose of this Section XX excludes Saturday, Sunday, and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving and Christmas.

## **XXI. ENTIRE AGREEMENT**

This Agreement, the documents referred to herein, and the Attachments hereto constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement is intended to disclaim the Franchisor's representations made in the Franchisor's franchise disclosure document.

## **XXII. SEVERABILITY AND CONSTRUCTION; FRANCHISEE'S PRINCIPALS**

22.1 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible and enforceable; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement.

22.2 No Benefit to Any Other Party. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, managers and employees, and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Section XIII hereof, any rights or remedies under or by reason of this Agreement.

22.3 Agreement to be Bound. Franchisee and Franchisee's Principals, as applicable, expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

22.4 Captions. All captions in this Agreement are intended solely for the convenience of all parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.5 Survival of Various Provisions. Any obligation of Franchisee or Franchisee's Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or Franchisee's Principals therein, shall be deemed to survive such termination, expiration or transfer.

22.6 Gender. All references herein to the masculine, feminine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and vice versa; and, without limiting the obligations individually undertaken by the Franchisee's Principals hereunder, all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee.

22.7 Franchisee's Principals. The term "Franchisee's Principals" as used in this Agreement shall include, collectively or individually, all officers and directors (in the case of a corporation or partnership) and managers (in the case of a limited liability company) of, and holders of a beneficial controlling interest of the securities of, Franchisee and any corporation, partnership or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation, partnership or limited liability company; and the general partners of Franchisee and the officers and directors (in the case of a corporation or partnership) and managers (in the case of a limited liability company) of, and holders of a beneficial controlling interest of the securities of, a general partner that is a corporation, partnership or limited liability company and any corporation, partnership or limited liability company that controls, directly or indirectly, any general partner, if Franchisee is a partnership; provided, however, only "controlling" equity owners of a publicly-held corporation shall be deemed to be Franchisee's Principals. The Operating Principal shall be one of Franchisee's Principals.

22.8 References to Corporation or Partnership. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

22.9 Multiple Counterparts. This Agreement may be executed in one or more counterparts and each counterpart copy so executed shall be deemed an original.

### **XXIII. APPLICABLE LAW; MEDIATION**

23.1 Non-binding Mediation. THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND ATTACHMENTS) FOR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT. THE MEDIATION SHALL BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF RETAIL NAIL OR BEAUTY SALON OR LIKE BUSINESS DISPUTES, AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME, AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM, CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, AT FRANCHISOR'S CORPORATE HEADQUARTERS IN THE SALT LAKE CITY, UTAH METROPOLITAN AREA. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION OF THE MEDIATOR, SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN APPOINTED, THEN EITHER PARTY MAY BRING A PROCEEDING UNDER SECTION 23.2 BELOW TO RESOLVE SUCH CLAIM, CONTROVERSY OR DISPUTE UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (3) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY IN A COURT HAVING JURISDICTION AND IN ACCORDANCE WITH SECTION 23.2 BELOW, WITHOUT SUBMITTING SUCH ACTION TO MEDIATION.

23.2 Jurisdiction. WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION OR AS OTHERWISE PROVIDED ABOVE, FRANCHISEE AND FRANCHISEE'S PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF UTAH LOCATED IN SALT LAKE] COUNTY, UTAH AND THE UNITED STATES FEDERAL DISTRICT COURT FOR THE SALT LAKE DISTRICT OF



UTAH. FRANCHISEE AND FRANCHISEE'S PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. FRANCHISEE AND FRANCHISEE'S PRINCIPALS HEREBY IRREVOCABLY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO, OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY UTAH OR FEDERAL LAW. FRANCHISEE AND FRANCHISEE'S PRINCIPALS AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN SALT LAKE COUNTY, UTAH; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (3) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, FRANCHISOR MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER UTAH LAW (WITHOUT REGARD TO UTAH CHOICE OF LAW RULES).

23.3 Mutual Benefit. FRANCHISEE, FRANCHISEE'S PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH IN SECTIONS 23.1 AND 23.2 ABOVE PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH OF FRANCHISEE, FRANCHISEE'S PRINCIPALS AND FRANCHISOR FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

23.4 Place of Execution of Agreement. FRANCHISEE, FRANCHISEE'S PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT BY FRANCHISOR OCCURRED IN SALT LAKE COUNTY, UTAH AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE AND FRANCHISEE'S PRINCIPALS ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING/ORIENTATION REQUIREMENTS OF THE FRANCHISOR, SHALL OCCUR AT THE FRANCHISOR'S PRINCIPAL OFFICES IN THE SALT LAKE CITY, UTAH METROPOLITAN AREA.

#### **XXIV. ACKNOWLEDGMENTS**

24.1 Investigation by Franchisee and Franchisee's Principals. Franchisee and Franchisee's Principals acknowledge that they have conducted an independent investigation of the business franchised hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that Franchisee's success will be largely dependent upon the ability of Franchisee and Franchisee's Principals as independent business people. Franchisor expressly disclaims the making of, and Franchisee and Franchisee's Principals acknowledge not having received, any warranty or guarantee, express or implied, as to the potential volume, profits,

or success of the business venture contemplated by this Agreement. Further, Franchisee and Franchisee's Principals acknowledge that Franchisor has made no representations that the Franchisee or any of Franchisee's Principals may or will derive income from the Franchised Business which exceeds the initial payment or investment therein.

24.2 Receipt of Documents. Franchisee and Franchisee's Principals acknowledge that they received a copy of the Franchise Disclosure Document of Franchisor, including the complete DaVi Nails Franchise Agreement, the Attachments thereto, and agreements relating hereto, if any, at least fourteen (14) days prior to the date on which this Agreement was executed.

24.3 Acknowledgment by Franchisee and Franchisee's Principals. Franchisee and each of Franchisee's Principals acknowledges that, it, he or she has read and understood this Agreement, the Attachments hereto, and agreements relating hereto, if any, and that Franchisor has accorded Franchisee and each of Franchisee's Principals ample time and opportunity to consult with advisors of Franchisee's or such Franchisee's Principal's own choosing about the potential benefits and risks of entering into this Agreement.

\*\*\*\*\*

SIGNATURE PAGE TO FOLLOW

**FRANCHISEE'S AND FRANCHISOR'S SIGNATURE PAGE**

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed, sealed, and delivered this Agreement in triplicate on the day and year first above written.

DaVi Nails Salon and Spa, L.L.C.:

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

FRANCHISEE:

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

## SIGNATURE PAGE OF FRANCHISEE'S PRINCIPALS

Each of the undersigned acknowledges and agrees as follows:

- (1) This "Signature Page of Franchisee's Principals" constitutes a part of this Franchise Agreement to which it is attached.
- (2) Each is included in the term "Franchisee's Principals" as described in Section 22.7 of this Franchise Agreement.
- (3) Each has read the terms and conditions of this Franchise Agreement. Each acknowledges that the undertakings by Franchisee's Principals in the Franchise Agreement, and as stated below, are made and given in partial consideration of, and as a condition and inducement to, the Franchisor's execution of this Franchise Agreement and grant of rights to operate the Franchised Business as described in this Franchise Agreement.
- (4) Each individually, jointly and severally makes all of the covenants, representations and agreements of Franchisee's Principals set forth in this Franchise Agreement and is obligated to perform thereunder, including, without limitation, those contained in the following Sections of this Franchise Agreement: 7.2(i), 8.3, 9.1, 9.3, 9.4, 11.1, 13.2, 13.4, 13.5, 15.1(i), 16.1, 16.2, 16.3, 16.4, 16.5, 16.7, 18.1, 18.2, 18.3, 18.4, 18.6, 18.7, 18.8, 22.3, 22.5, 22.6, 22.7, XXIII and XXIV.
- (5) Additionally, with respect to the individual designated as Operating Principal, Operating Principal acknowledges that the undertakings by Operating Principal hereunder are made and given in partial consideration of, and as a condition to, the Franchisor's execution of this Franchise Agreement and grant of rights to operate the Franchised Business as described in this Franchise Agreement; and Operating Principal, individually, jointly, and severally makes all of the covenants, representations and agreements of Franchisee (as provided in Section 6.4) and Operating Principal set forth in this Franchise Agreement and is obligated to perform thereunder.

FRANCHISEE'S PRINCIPALS:

\_\_\_\_\_  
Signature: Operating Principal

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**SIGNATURE PAGE OF FRANCHISEE'S PRINCIPALS**  
**(continued)**

\_\_\_\_\_  
Signature: Franchisee's Principal

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature: Franchisee's Principal

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature: Franchisee's Principal

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature: Franchisee's Principal

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature: Franchisee's Principal

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**ATTACHMENT A**  
**APPROVED LOCATION**  
**FOR**  
**DAVI NAILS SALON OR EM LASH STUDIO**  
**FRANCHISE AGREEMENT**

The location approved by the Franchisor for the Salon franchised under the Franchise Agreement shall be:

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(Refer to Section 1.1 of the Franchise Agreement)

**ATTACHMENT B**  
**CONFIDENTIALITY AGREEMENT**

This Agreement is made and entered into \_\_\_\_\_, 201\_ by and between DaVi Nails Salon and Spa, L.L.C., a Utah limited liability company ("DaVi Nails"), \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_ ("Signer").

**RECITALS**

WHEREAS, DaVi Nails has developed, is using and is the owner or exclusive licensee of all rights in a unique system (the "System") for the establishment and operation of salons providing nail sculpture, pedicures, silk wraps, nail art, fiber glass treatments, airbrush design, manicures and tip overlays under the name of DaVi Nails (the "Stores"); and

WHEREAS, the System includes but is not limited to the proprietary names, marks, designs and colors used in connection with the Stores and procedures, computer, software and hardware specifications and configurations, formulae and compilations of confidential information, as also described in Section 1 of this Agreement, regarding, among other things, the financial control techniques, operating methods and training and teaching methods and techniques, used by DaVi Nails in the operation of the System ("DaVi Nails Trade Secrets"); and

WHEREAS, DaVi Nails Trade Secrets provide economic advantages to DaVi Nails and are not generally known to, and are not readily ascertainable by proper means by, DaVi Nails' competitors who could obtain economic value from knowledge and use of DaVi Nails Trade Secrets; and

WHEREAS, DaVi Nails has taken, and intends to take all reasonable steps to maintain the confidentiality and secrecy of DaVi Nails Trade Secrets; and

WHEREAS, DaVi Nails has granted Franchisee a limited right to develop a Store using the System and DaVi Nails Trade Secrets for the period defined in the Franchise Agreement made and entered into \_\_\_\_\_, \_\_\_\_\_ ("Franchise Agreement") between DaVi Nails and Franchisee; and

WHEREAS, DaVi Nails and Franchisee have agreed in the Franchise Agreement on the importance to DaVi Nails and to the Franchisee and other licensed users of the System of restricting use, access and dissemination of DaVi Nails Trade Secrets; and

WHEREAS, it will be necessary for certain employees, directors, officers, partners, members, managers and owners of Franchisee to have access to and to use some or all of DaVi Nails Trade Secrets in the development and operation of Franchisee's

Store using the System; and

WHEREAS, Franchisee has agreed to obtain from those employees, directors, officers, partners, members, managers and owners written agreements protecting DaVi Nails Trade Secrets and the System against unfair competition; and

WHEREAS, Signer wishes to remain, or wishes to become, an employee, director, officer, partner, member, manager or owner of Franchisee; and

WHEREAS, Signer wishes and needs to receive and use DaVi Nails Trade Secrets in the course of his or her employment or in the performance of his or her other responsibilities to Franchisee in order to effectively perform his or her services for or responsibilities to Franchisee; and

WHEREAS, Signer acknowledges that receipt of and the right to use the DaVi Nails Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Signer herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

### **Confidentiality Agreement**

(1) DaVi Nails and/or Franchisee shall disclose to Signer some or all of DaVi Nails Trade Secrets relating to the System. All information and materials, including, without limitation, the Confidential Operations Manual (“Operations Manual”) described in Section VIII of the Franchise Agreement and any information, drawings, knowledge, know-how, plans and specifications, marketing information and strategies, site selection and evaluation techniques, techniques and compilations of data which are communicated in writing or otherwise, to Signer by Franchisee or DaVi Nails shall be deemed DaVi Nails Trade Secrets for the purposes of this Agreement.

(2) Signer shall receive DaVi Nails Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his or her employment by Franchisee, or in the performance of his or her other responsibilities to Franchisee, and only in connection with the development and/or operation by Franchisee of a Store using the System for so long as Franchisee is licensed by DaVi Nails to use the System.

(3) Signer shall not, at any time, make copies of any documents or compilations containing some or all of DaVi Nails Trade Secrets without DaVi Nails’ express written permission.

(4) Signer shall not, at any time, disclose or permit the disclosure of DaVi Nails Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation or development of a Store using the System.



(5) Signer shall surrender the Operations Manual and any other material containing some or all of DaVi Nails Trade Secrets to Franchisee or to DaVi Nails, upon request, or upon termination of employment or relationship by Franchisee or Signer, or upon conclusion of the use for which Operations Manual or other information or material may have been furnished to the Signer.

(6) Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill of the System.

### **Covenants Not to Compete**

(7) In order to protect the goodwill and unique qualities of the System and the confidentiality and value of DaVi Nails Trade Secrets, and in consideration for the disclosure to Signer of DaVi Nails Trade Secrets, Signer further agrees and covenants that, during the time Signer is employed by Franchisee, or is an officer, director, partner, member, manager or owner of Franchisee, Signer shall not:

(a) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Store(s) using the System to any competitor.

(b) Employ or seek to employ any person who is at the time employed by DaVi Nails or any franchisee or Franchisee of DaVi Nails, or otherwise directly or indirectly induce such persons to leave his or her employment. This subsection shall not apply to any employee transfer between Franchisee and DaVi Nails.

(c) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or corporation, or other entity, without the prior written consent of DaVi Nails, own, maintain, develop, operate, engage in, or have any interest in, advise, help or make loans to any nail salon or nail services business or concern.

(8) In further consideration for the disclosure to Signer of DaVi Nails Trade Secrets and to protect the uniqueness of the System, Signer agrees and covenants for two (2) years following the termination of his or her employment or relationship by Franchisee or Signer, Signer shall not:

(a) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Store(s) using the System to any competitor.

(b) Employ or seek to employ any person who is at the time employed by DaVi Nails or any franchisee or Franchisee of DaVi Nails, or otherwise directly or indirectly induce such persons to leave his or her employment.

(c) Directly or indirectly, for himself or herself/herself or through, on behalf of or in conjunction with any person, partnership, corporation or other entity, without the prior written consent of DaVi Nails, own, maintain, develop, operate, engage in, or have any interest in, advise,

help or make loans to any nail salon or nail services business or concern.

### **Miscellaneous**

(9) Franchisee undertakes to use its best efforts to ensure that Signer acts as required by this Agreement.

(10) Signer agrees that in the event of a breach of this Agreement, DaVi Nails would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof DaVi Nails shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

(11) Signer agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by DaVi Nails and Franchisee in enforcing this Agreement.

(12) Any failure by DaVi Nails or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Signer shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Signer.

(13) EXCEPT AS STATED BELOW, SIGNER HEREBY IRREVOCABLY SUBMITS HIMSELF/HERSELF TO THE JURISDICTION OF THE STATE COURTS OF SALT LAKE COUNTY, UTAH AND THE UNITED STATES FEDERAL DISTRICT COURT FOR THE SALT LAKE DISTRICT OF UTAH. SIGNER HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. SIGNER HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR HER IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY UTAH OR FEDERAL LAW. SIGNER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE SALT LAKE COUNTY, UTAH; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES, OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER UTAH LAW (WITHOUT REGARD TO UTAH CHOICE OF LAW RULES).

(14) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Da Vi Nails or Franchisee is a party, Signer expressly agrees to be bound by any lesser covenant subsumed within the terms of such

covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Agreement.

(15) This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

(16) All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or telex or facsimile (provided that the sender confirms the telex or facsimile by sending an original confirmation copy thereof by certified or registered mail or expedited delivery service within three (3) business days after transmission thereof), to the respective parties.

If directed to DaVi Nails, the notice shall be addressed to:

DaVi Nails Salon and Spa, LLC  
1559 West 3860 South  
West Valley City, UT 84119  
Facsimile No.: 801-596-3033

If directed to the Franchisee, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: (\_\_\_\_) \_\_\_\_\_

If directed to the Signer, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: (\_\_\_\_) \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other party. Business day for the purpose of this Section (16), excludes Saturday, Sunday, and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving and Christmas.

(17) The rights and remedies of DaVi Nails under this Agreement are fully assignable

and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of the Franchisee and the Signer hereunder are personal in nature and may not be assigned by the Franchisee or Signer, as applicable, without the prior written consent of DaVi Nails.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C., a Utah  
limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SIGNER:

By: \_\_\_\_\_

Name: \_\_\_\_\_

## STATEMENT OF OWNERSHIP INTERESTS

Name[illegible]

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## **ATTACHMENT D**

### **GUARANTY**

As an inducement to DaVi Nails Salon and Spa, L.L.C., a Utah limited liability company (“Franchisor”) to execute the Franchise Agreement with \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_, \_\_\_\_\_ and the Attachments thereto (the “Franchise Agreement”), the undersigned, jointly and severally, hereby agree to be individually bound by all the terms and conditions of the Franchise Agreement including any amendments or modifications thereto whenever made, and unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all of Franchisee’s obligations under the Franchise Agreement will be punctually paid and performed.

Upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

The undersigned waive all demands and notices of every kind with respect to this Guaranty and the Franchise Agreement, including, without limitation, notice of: the amendment or modification of this Guaranty or the Franchise Agreement, the demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee.

Franchisor may pursue its rights against the undersigned without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

Upon receipt by Franchisor of notice of the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors hereunder will continue in full force and effect.

**SIGNATURE PAGE  
TO  
GUARANTY**

IN WITNESS WHEREOF, the undersigned have signed this Guaranty this \_\_\_\_ day of \_\_\_\_\_, 201\_.

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

GUARANTOR:

\_\_\_\_\_  
Name: \_\_\_\_\_

# **ATTACHMENT E**

## **FORM OF WALMART MASTER LEASE**

**SEE EXHIBIT A**

**to**

**FRANCHISEE SUBLEASE AGREEMENT**



## **ATTACHMENT F**

### **LIST OF SALON EQUIPMENT AND FURNISHINGS**

#### **[TYPICAL SALON - ACTUAL TO BE COMPLETED FOR EACH SALON]**

1 Da Vi Nails Sign – Black  
1 Silver Sign (Da Vi Nails beauty, spa, salon and swish  
Pedicure Spa Chairs\* – Chair, Tub, Pedi Stool  
Nail Stations\*  
Nail Tech Chairs\*  
Nail Dryer Table  
Bar Stools\*  
Supplies – Polishes, Chemicals, Slippers, etc.  
Price Lists – In Frame  
Open Sign – In Frame  
3 Orchid Pictures  
1 Hand Picture  
Counter  
Benches for waiting area\*  
Waiting Room Chairs\*  
Rug  
Coffee Table  
Silver Swing Lamps\*  
Metal Magazine Holders\*  
Candle holders\*  
Mirrors\*  
Bamboo Holder  
Initial Inventory (approximately \$2,500 value)

\* Number of these items will vary with size of salon

#### **[TYPICAL EM LASH STUDIO – ACTUAL TO BE COMPLETED FOR EACH SALON]**

3 Threading Stations  
2 Facial Stations

# ATTACHMENT G

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

For Illinois franchisees, jurisdiction shall be in Illinois and Illinois law shall apply.

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

"Franchisor"

Name:\_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C..

By\_\_\_\_\_

By:\_\_\_\_\_

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Name & Title

## ATTACHMENT H

### MARYLAND RIDER TO FRANCHISE AGREEMENT

Section 2.1 of the Franchise Agreement provides for payment of the Initial Franchise Fee at the time the Franchisee signs the Franchise Agreement. For Maryland residents, the Initial Franchise Fee shall not be due and payable until the buildout, furnishing and equipping of the salon is completed and ready for the opening.

Section 14.2 of the Franchise Agreement says it is a breach under the Franchise Agreement for you to file a voluntary petition in bankruptcy or to have an involuntary bankruptcy proceeding commenced against you which is not dismissed within 90 days. Termination of the Franchise Agreement for those reasons is not enforceable under federal bankruptcy law.

Section 23.1 of the Franchise Agreement provides for non-binding mediation in Utah. For Maryland franchisees, the mediation will be conducted in Maryland, Maryland law shall apply, and any limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under such Maryland Law must be brought within three (3) years after the grant of the franchise.

Section 23.2 of the Franchise Agreement provides that jurisdiction shall be in Utah and that Utah law shall apply. For Maryland franchisees, jurisdiction shall be in Maryland and Maryland law shall apply. You are required to mediate in Maryland. The unsuccessful party is responsible for the reasonable attorney's fees, costs of investigation and proof of facts, court costs, related travel, living and other expenses of himself and the successful party.

Nothing contained in the Franchise Agreement is intended to nor shall it (a) act as a release, estoppel or waiver of any liability incurred under, or (b) deny You the right to bring a lawsuit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any acknowledgments or representations of the Franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under such Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

"Franchisor"

Name: \_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C..

By \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Name & Title

## ATTACHMENT I

### Minnesota Addendum to Franchise Agreement

Anything therein to the contrary notwithstanding, the Da Vi Nails Franchise Disclosure Document and the Da Vi Nails Franchise Agreement are hereby amended as follows:

- A. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice for non-renewal of the franchise agreement; and that consent to the transfer will not be unreasonably withheld.
- B. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- C. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- D. The franchisee cannot waive any rights. See Minnesota Rule 2860.4400(J). The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief.
- E. A court of appropriate jurisdiction will determine whether a bond is required.
- F. Section 2.1 of the Franchise Agreement provides for payment of the Initial Franchise Fee at the time the Franchisee signs the Franchise Agreement. For Minnesota residents, the Initial Franchise Fee shall not be due and payable until the buildout, furnishing and equipping of the salon is completed and ready to open..

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

Name: \_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_  
Name & Title

"Franchisor"

DaVi Nails Salon and Spa, L.L.C..

By: \_\_\_\_\_

\_\_\_\_\_  
Name & Title

## **ATTACHMENT J**

### **North Dakota Addendum to the Franchise Agreement**

Section 11.1 of the Franchise Agreement (Item 17(c) of the Disclosure Document) requires the Franchisee to sign a general release upon renewal of the Franchise Agreement. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law (the “ND Act”). Please disregard the provision each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 15.1 of the Franchise Agreement (Item 17(i) of the Disclosure Document) requires the Franchisee to consent to termination or liquidated damages. The Commission has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the ND Act. Please disregard the provision each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 16.1 of the Franchise Agreement (Item 17(r) of the Disclosure Document) discloses the existence of certain covenants restricting competition to which franchisees must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this state, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the ND Act. Please disregard the provision each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 23.1 of the Franchise Agreement (Item 17(u) of the Disclosure Document) provides that the Franchisee must agree to the mediation of disputes, such mediation to be held in Salt Lake City, UT. The Commissioner has determined that franchise agreements which provide that the parties agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business, are unfair, unjust and inequitable within the intent of Section 51-19-09 of the ND Act. Please disregard such provisions each place they appear in the Disclosure Document and agreements used in North Dakota, and replace them with mediations to be held in North Dakota.

Section 23 of the Franchise Agreement (Item 17(v) of the Disclosure Document) provides that franchisees must consent to the jurisdiction of courts in Utah. The Commissioner has held that requiring franchisees to consent to the jurisdictions of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Please disregard such provisions each place they appear in the Disclosure Document and agreements used in North Dakota, and replace them with jurisdiction in the courts of North Dakota.

Section 23 of the Franchise Agreement (Item 17(w) of the Disclosure Document) provides that the agreement shall be construed according to the laws of the state of Utah. Apart from civil liability as set forth in section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud) the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents, and is unfair to franchise investors to require. Please disregard such provision each place they appear in the Disclosure Document and agreements used in North Dakota, and replace them with provisions consistent with the laws of North Dakota.

Section 23 of the Franchise Agreement may require the franchisee to consent to a waiver of trial by jury.

The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Please disregard each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 23 of the Franchise Agreement may require the franchisee to consent to a waiver of exemplary and punitive damages. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Please disregard each place it appears in the Disclosure Document and agreements used in North Dakota.

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

"Franchisor"

Name:\_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C..

By\_\_\_\_\_

By:\_\_\_\_\_

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Name & Title

**ATTACHMENT K**

**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

"Franchisor"

Name:\_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C..

By\_\_\_\_\_

By:\_\_\_\_\_

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Name & Title



**ATTACHMENT L**

**SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT**

Section 2.1 of the Franchise Agreement provides for payment of the Initial Franchise Fee at the time the Franchisee signs the Franchise Agreement. For South Dakota residents, the Initial Franchise Fee shall not be due and payable until the buildout, furnishing and equipping of the salon is completed and ready for the opening.

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

"Franchisor"

Name: \_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C..

By \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Name & Title

**ATTACHMENT M**  
**VIRGINIA RIDER TO FRANCHISE AGREEMENT**

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

Name:\_\_\_\_\_

By\_\_\_\_\_

\_\_\_\_\_  
Name & Title

“Franchisor”

DaVi Nails Salon and Spa, L.L.C..

By:\_\_\_\_\_

\_\_\_\_\_  
Name & Title

## ATTACHMENT N

### WASHINGTON RIDER TO FRANCHISE AGREEMENT

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

"Franchisee"

"Franchisor"

Name: \_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C..

By \_\_\_\_\_

By: \_\_\_\_\_

**ATTACHMENT O  
TO FRANCHISE AGREEMENT**

**BILL OF SALE, ASSIGNMENT AND ASSUMPTION  
AGREEMENT**

This BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between

\_\_\_\_\_, of \_\_\_\_\_  
("Assignor") and \_\_\_\_\_, of \_\_\_\_\_  
\_\_\_\_\_ ("Assignee").

**RECITALS**

WHEREAS, Assignor is the Franchisee under that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement") and Franchisee Sublease Agreement dated \_\_\_\_\_, 20\_\_ on Wal-Mart store # \_\_\_\_\_ in \_\_\_\_\_, \_\_\_\_ with an initial term from \_\_\_\_\_, 20\_\_ to \_\_\_\_\_, 20\_\_, and current rent of \$ \_\_\_\_\_ per month (the "Sublease Agreement") with DaVi Nails Salon and Spa, L.L.C., a Utah limited liability company, as Franchisor ("Franchisor"), and

WHEREAS, Assignor desires to sell, transfer and assign its interest in and to the Franchise

Agreement and the Sublease Agreement to Assignee, and Assignee is desires to accept such assignment and assume all of Assignor's obligations under such agreements, and

WHEREAS, any such assignment of such agreements requires the consent of Franchisor.

NOW, THEREFORE, in consideration of the recitals and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The provisions of Section 13.2 of the Franchise Agreement shall apply to this Agreement.
2. Prior to making this assignment, Assignor shall have removed any existing ceramic tile floor material or other flooring and replaced it with VCT flooring or wood colored Vinyl Tile lock flooring.
3. In consideration of the payment by Assignee to Assignor of the sum of \$\_\_\_\_\_, Assigner hereby sells, transfers and assigns to Assignee all of its right, title and interest in and to the Franchise Agreement and the Sublease Agreement and the franchise business contemplated thereunder (together, the "Business"), effective as of the date of the Franchisor's consent on the signature page of this Agreement.
4. Assignee hereby accepts such assignment and agrees to be bound by all of the terms and conditions of the Franchise Agreement and the Sublease Agreement.
5. The security deposit of \$\_\_\_\_\_ paid to Assignor under the Sublease Agreement shall be transferred to the account of Assignee.
6. Whether included in the Franchise Agreement or not, Assignee understands and agrees that it will be required to comply with the following that is now in all new Franchise Agreements:

6.19 Credit Card Processing. Franchisor has made arrangements with Affordable Merchant Services LLC, a Utah limited liability company ("Affordable") to provide processing and settlement of credit and debit card ("Bank Card") transactions through First Data Merchant Services Corporation and Wells Fargo Bank, N.A. at competitive and favorable rates. Franchisee agrees to use Affordable for its Bank Card processing and settlement services so long as the rates for such services are at or below those charged by another Bank Card processing and settlement provider available to Franchisee. In the event Franchisee desires to utilize another provider, Franchisee agrees to provide Affordable with not less than ten (10) days prior written notice, setting forth the identity of the other provider and the rates to be charged. If Affordable is not able to match such rates during such period or otherwise persuade Franchisee to continue to use Affordable, Franchisee shall no longer be required to use Affordable.

7. Franchise Agreements: Assignee acknowledges, represents and warrants to Assignor that (a) it has had ample opportunity to inspect the Business and such books and records of the Business as it has deemed necessary and appropriate, including but not limited to the Franchise Agreement, including the provisions of Section 13.2 (Transfer By Franchisee)

thereof, and the Sublease Agreement, and (b) that Assignor and others have satisfactorily answered any and all questions presented to them.

8. Assignor represents and warrants that (a) it is the owner of the Business, (b) that there are no liens or other encumbrances against the assets of the Business, and (c) that, except for the consent of Franchisor, it has the unrestricted right to transfer its rights as contemplated hereby.
9. The parties acknowledge that this Agreement shall be of no force and effect unless and until it is consented to by Franchisor as evidenced by its signing of this Agreement where indicated below, and the date of such consent shall be the effective date of this Agreement (the "Effective Date"). Assignor shall be responsible for paying Franchisor the transfer fee of \$\_\_\_\_\_ as set forth in Section 13.2(ix) of the Franchise Agreement.
10. The parties acknowledge that the rights and the associated business are being sold to, and are accepted by, Assignee as-is and where-is, without warranties of any kind, except as to title.
11. Assignor shall be responsible for all costs and expenses relating to the Business arising on or before the Effective Date. Assignee shall be responsible for all such costs and expenses arising after such date.
12. Assignor represents and warrants that all employee salaries, wages and benefit obligations in any way related to the Business, including all workman's compensation insurance, sales, employment and other taxes arising on or prior to the Effective Date have been or will be timely paid, and that there are no lawsuits pending or, to the best knowledge of Assignor, threatened against it relating to the agreements assigned hereby.
13. Assignor agrees to indemnify and hold harmless Assignee and its successors and assigns from and against any and all claims, costs and expenses related to the Business arising on or before the Effective Date; and Assignee agrees to indemnify and hold harmless Assignor and its successors and assigns from and against any and all claims, costs and expenses related to the Business arising after the Effective Date.
14. Each of the parties agrees to cooperate in good faith and to provide any additional documentation or take any additional action as may be reasonably requested by the other party in order to fully consummate the transactions contemplated hereby.
15. No amendment to this Agreement shall be effective unless it shall be in writing and signed by both parties hereto and consented to by Franchisor.
16. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by telecopy (confirmed within 48 hours by hand delivery or reputable overnight courier service) , or sent, postage prepaid, by registered, certified or express mail, or reputable overnight courier service and shall be deemed given when so delivered by hand or telecopy, or if mailed, three days after mailing

(one business day in the case of express mail or overnight courier service), to the addresses set forth at the beginning of this Agreement.

17. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.
18. Each party hereto hereby represents and warrants that they have not engaged any brokers or finders for such party in connection with this Agreement or the transactions contemplated hereby or that no person is entitled to any brokerage fee, finder's fee or commission in respect thereof; provided, however, that if any broker or finder's fee is claimed by any third party, such fee will be paid by the party who engaged such third party.
19. If any provision of this Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

EXECUTED as of the date first above appearing.

**ASSIGNOR:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_

**ASSIGNEE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Email

**CONSENTED TO:**

DAVI NAILS SALON AND SPA, L.L.C.

By: \_\_\_\_\_, 20\_\_\_\_.  
Signature Effective Date

\_\_\_\_\_  
Printed Name and Title



# EXHIBIT B

## FRANCHISEE SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by DAVI NAILS SALON & SPA, L.L.C. ("Franchisor") and \_\_\_\_\_ ("Franchisee") for certain space within a Walmart Store located at \_\_\_\_\_ store # \_\_\_\_ ("Premises") for the operation of [\_\_\_\_] a Da Vi Nail Salon or [\_\_\_\_] an Em Lash Studio. This Lease Agreement will hereinafter be referred to as the "Sublease".

1. **Walmart Master Lease or Sublease.** Franchisor has entered into a lease agreement with Walmart ("Walmart Lease"). Except as expressly provided in this Sublease, Franchisee agrees to all of the terms, conditions and obligations contained in the Walmart Lease as though Franchisee were in the place of the Franchisor who is designated as either "Tenant" or "Lessee" in the Walmart Lease. A redacted copy of the Walmart Lease, including ATTACHMENT A, which applies directly to the Premises, is attached hereto as Exhibit A, and it contains the terms, conditions, and obligations to which Franchisee is bound except that certain information has been omitted or obscured for reasons of confidentiality. In addition to the terms and conditions of the Walmart Lease, Franchisee also agrees to be bound by the terms and conditions contained in this Sublease. Whenever there is a conflict between this Sublease and the Walmart Lease, this Sublease controls. However, if a condition or obligation is contained in the Walmart Lease but is omitted in this Sublease, the Walmart Lease controls.
2. **Franchise Agreement.** Franchisee must, as an additional condition of its tenancy in the Premises and as a condition of this Sublease, concurrently enter into a Franchise Agreement with Franchisor and must at all times during its tenancy in the Premises be in complete compliance with the requirements of the Franchise Agreement. If for any reason, Franchisee's Franchise under the Franchise Agreement is terminated, such termination automatically deems Franchisee herein to be in default of this Sublease and subjects Franchisee to eviction proceedings under this Sublease.
3. **Term.** The initial term of this Sublease is for \_\_\_\_ years, beginning on \_\_\_\_\_, 20\_\_ and continuing through \_\_\_\_\_, 20\_\_. Franchisee has the option to renew or extend this Sublease for two additional terms of three (3) years each, but only if the Franchisor can and actually does renew or extend its tenancy under the Walmart Lease. If Franchisor chooses not to renew or extend its tenancy under the Walmart Lease, for whatever reasons and in its sole discretion, then Franchisee may not renew or extend its tenancy under this Sublease. Franchisee agrees to re-paint the entire salon interior within 30 days of each renewal. All salon fixtures need to be replaced or upgraded every 5 years.

4. **Early Termination.** Pursuant to the provisions of ATTACHMENT A to the WalMart Lease, WalMart has the right, upon 120 days prior written notice, to terminate the lease on the premises in which case the rights under this Sublease will also terminate, and Franchisor will be entitled to recover its construction and build-out costs up to \$100,000, amortized over five years during the initial term and over three years during each extension period. In such event, Franchisee will receive 70% of the amount received by Franchisor. Under certain conditions, including permanent closing of a store, WalMart has the right to terminate the WalMart lease as to that location on 30 days prior written notice.
5. **Use of Premises.** The Premises shall be used solely to operate Franchisee's nail salon business as permitted and authorized by the Franchise Agreement. No other business, other than expressly provided by the Franchise Agreement, may be conducted on or in the Premises.
6. **Subletting.** Franchisee is not permitted or authorized to sublet the Premises or otherwise assign Franchisee's interests herein to any other person or entity. Notwithstanding this restriction, if Franchisee receives permission in writing from Franchisor to sell or transfer its business as provided in the Franchise Agreement and pays the required fees, Franchisee may be relieved from its obligations under this Sublease.
7. **Rental Amount.**
  - a. [\_\_\_\_] DaVi Nails Salons: The initial rent amount shall be \$ \_\_\_\_\_.00 per month during the initial term hereunder. During any extended or renewal term the rental amount shall increase by 3.5% each year; provided, however, that the Franchisor shall have the right during the initial or any extended or renewal term hereunder to increase the rental amount by the greater of (a) 5% each year, or (b) an amount equal to the percentage increase in the Franchisor's rent under the Walmart Lease. The first month's rent plus a security deposit equal to \$5,000 (if there is a guarantor of the franchisor's obligations) or \$7,500 (if there is no guarantor) shall be due and payable upon the opening of the business.
  - b. [\_\_\_\_] Em Lash Studios: Monthly rent shall be the greater of (i) \$\_\_\_\_\_; and (ii) 16% of Gross Revenue.
  - c. The Franchisee understands that the rental amount hereunder is not necessarily the same as the Franchisor's rental amount under the Walmart Lease. The first and last months' rent shall be due and payable upon the opening of the business.
8. **Method of Rental Payments.** All payments for rent, penalties and any other charges are to be paid directly to Franchisor and not to Walmart or any of its agents. Franchisor prefers that all rental payments be debited monthly in advance from Franchisee's account in a bank or financial institution designated by Franchisee and credited to Franchisor's bank account as Franchisor shall designate ("ACH Debits"). If Franchisee refuses to pay through ACH Debits, then Franchisee's rental payments must be

received by Franchisor no later than the first day of each month, and any such payment not received by Franchisor by the first day of the month will be assessed a late charge in the amount of \$ 50.00, plus the greater of \$ 10.00 per day or 10% interest on the amount of the payment that is deemed late until paid. **A deposit of \$5,000.00 must be paid immediately upon signing of this Sublease.**

9. **Taxes and Other Charges.** All personal property taxes assessed on Franchisee's personal property located on the Premises by a local governmental taxing authority are the sole responsibility of Franchisee. If any taxes are paid by Walmart or by Franchisor on behalf of Franchisee, Franchisee agrees to immediately reimburse Franchisor for such taxes. Likewise, any charges imposed on Walmart or Franchisor by any utility, governmental authorities, or others because of services rendered for or on behalf of Franchisee or resulting from actions of Franchisee not otherwise expressly covered in the Basic Rent are to be paid by Franchisee or are to be reimbursed to Franchisor by Franchisee upon payment of such charges by Franchisor.
10. **Eviction.** If Franchisee fails to pay any rent when due, Franchisor has the right to initiate eviction proceedings as allowed by the laws of the jurisdiction where the Premises are located.
11. **Monthly Gross Sales.** For Em Lash Studios, Franchisee agrees to provide to Franchisor on the 1<sup>st</sup> day of each month its Gross Sales for the preceding month, as set forth in Section X of the Franchise Agreement. The term "Gross Sales" has the same meaning as contained in the Walmart Lease.
12. **Insurance.** Franchisor will provide all insurance required by the WalMart Lease. However, Franchisor will in turn charge Franchisee for such insurance, which charge will be presented to Franchisee by invoice. Franchisee also agrees to comply with any additional insurance requirements of Walmart. Franchisee will be responsible for any insurance coverage for Franchisee's fixtures, furnishings, inventory, and business losses.
13. **Indemnity and Waiver.** The Walmart Lease requires that Franchisor indemnify Walmart from any liability caused by Franchisor or from any use of the Premises by Franchisor or its Franchisee. In a like manner as set forth in the Walmart Lease, Franchisee agrees to indemnify Franchisor for any damages or liability incurred by Franchisor for any actions of Franchisee.
14. **Abandonment.** If Franchisee removes or attempts to remove property from the Premises other than in the usual course of continuing occupancy, without having first paid Franchisor all monies due, the Premises may be considered abandoned, and Franchisor shall have the right without notice, to store or dispose of any property remaining on the Premises by Franchisee. Franchisor shall also have the right to store or dispose of any of Franchisee's property remaining on the premises after the termination of this Sublease. Any such property shall be considered Franchisor's property and the title thereto shall vest in Franchisor.
15. **Vacating the Salon.** When vacating the salon, Franchisee must comply with all of the requirements set forth in EXHIBIT B to this Sublease:

16. **Attorneys' Fees.** Should either party be required to enforce any provision of this Sublease, the prevailing party shall be entitled to costs and reasonable attorneys fees, regardless of whether or not such enforcement includes litigation.
17. **Entire Agreement.** Except for the Walmart Lease and the Franchise Agreement, the terms set forth herein represent the entire agreement between the parties and no other terms shall be of any force or effect. Any amendment shall be in writing and signed by the Franchisee and the Franchisor. Nothing in this Agreement is intended to disclaim the representations the Franchisor made in the franchise disclosure document furnished to you.
18. **Notices.** Unless another address is designated, any notices required by this Sublease shall be in writing and shall be delivered personally or mailed by registered or certified mail to:

Franchisor: DaVi Nails Salon & Spa, L.L.C.

1559 West 3860 South

Salt Lake City, UT 8411

Franchisee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXECUTED as of the date first above appearing.

DAVI NAILS SALON & SPA, L.L.C.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

to

FRANCHISEE SUBLEASE AGREEMENT

Copy of Wal-Mart Master Lease

Including Attachment A

## Master Lease Agreement

Wal-Mart Stores East, LP, individually and only as to Stores (as defined below) owned, leased, or operated in AL, CT, DC, DE, FL, GA, IN, KY, ME, MD, MA, MI, MS, MO, NH, NJ, NM, NY, NC, OH, OK, PA, RI, SC, TN, VT, VA, WI and WV; Wal-Mart Stores, Inc., individually and only as to Stores owned or leased in AK, AZ, CA, CO, HI, ID, IL, IA, KS, MN, MT, NE, NV, ND, OR, SD, UT, WA and WY; Wal-Mart Louisiana, LLC, individually and only as to Stores owned or leased in Louisiana; Wal-Mart Stores Arkansas, LLC, individually and only as to Stores owned or leased in Arkansas; and Wal-Mart Stores Texas, LLC, individually and only as to Stores owned or leased in Texas (each referred to as "Landlord" for purposes of this Master Lease as it applies to the Store) and Da-Vi Nails International, LLC. ("Tenant") enter into this Master Lease effective the 6<sup>th</sup> day of March, 2009 (the "Effective Date").

WHEREAS, Landlord operates discount retail stores nationwide;

WHEREAS, Tenant operates a/an full service nail salon (described more fully in Appendix-1) and desires to lease space within one or more Stores from which to operate such full service nail salon; and

WHEREAS, Landlord desires to lease space in one or more of its Stores to Tenant, so Tenant may operate such full service nail salon in the Store.

NOW, THEREFORE, in consideration of the mutual promises and premises set forth above and below, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

### Article I General Provisions

#### 1.1 Definitions.

A. "Affiliate" means a corporation related to Tenant by shareholdings or any other means of control, a subsidiary of Tenant, Tenant's parent company or a sibling company of Tenant, in each case known to Landlord on the Effective Date.

B. "Appendix-1" means an appendix to this Master Lease, incorporated into this Master Lease when fully signed by Tenant and Landlord, which provides obligations of Landlord and Tenant specific to Tenant's Permitted Uses (as designated in Appendix-1) contemplated by Landlord and Tenant at the time this Master Lease was entered into.

C. "Attachment A" means an attachment to this Master Lease, incorporated into this Master Lease when fully signed by Tenant and by the particular Landlord with authority to lease the Leased Premises identified in the applicable Attachment A, that identifies the Store in which the Leased Premises is located; the size of the Leased Premises; the anticipated Delivery Window and the anticipated Delivery Date; the anticipated Rent Commencement Date, the Base Rent and the Percentage Rent, as applicable; and the Extension Option.

D. "Attachment A-1" means an attachment to this Master Lease, incorporated into this Master Lease upon the full execution of the applicable Attachment A, depicting the location of the Leased Premises within the Store.

E. "Base Rent" means the amount, if any, set forth as such in the applicable Attachment A.

F. "Commencement Notice" means an attachment to this Master Lease, incorporated into this Master Lease at the time of delivery by Landlord of the Commencement Notice to Tenant in accordance with Section 19.10 below, which identifies the actual Rent Commencement Date and the actual Delivery Date with respect to the applicable Leased Premises.

G. "Common Area" means the public access areas of the Store and surrounding land leased or owned by Landlord on which the Store is located including, but not limited to, the parking areas, driveways, sidewalks, entrances, and exits in the Store and between the Store and the Leased Premises.

H. "Common Area Maintenance Fee" means the amount, if any, set forth as such in the applicable Attachment A.

I. "Delivery Date" means the date on which Landlord delivers possession of the applicable Leased Premises to Tenant.

J. "Delivery Window" means the span of time in which Landlord may deliver possession of the Leased Premises to Tenant.

K. "Due Date" means the first (1<sup>st</sup>) calendar day of each month, unless this day falls on New Year's Day, Memorial Day, Independence Day (US), Labor Day, Thanksgiving, or Christmas, in which case the Due Date means the following business day.

L. "Expiration Date" means 11:59 p.m. (local time as to the applicable Leased Premises) on the last day of the month in which the anniversary date of the Rent Commencement Date, designated in the applicable Attachment A, falls; provided, however, if the anniversary date falls between July 1<sup>st</sup> and December 31<sup>st</sup> of a given year, then the Expiration Date extends to 11:59 p.m. (local time as to the applicable Leased Premises) on January 31<sup>st</sup> of the following year. In case of cancellation or termination of this Master Lease with respect to a particular Leased Premises, the Expiration Date becomes the date on which this Master Lease is cancelled or terminated with respect to such Leased Premises.

M. "Extension Option" means the option, if any, of the applicable Landlord and Tenant to extend the Lease Term for each Leased Premises, as set forth in the applicable Attachment A.

N. "Grand Opening" means the first day on which a Store opens for business to the public.

O. "Hazardous Substance" means (i) any hazardous material, hazardous waste, hazardous substance, toxic substance, biomedical waste, infectious waste, medical waste, or toxic waste identified by any federal or state law; chemical, dust, mixture, medical device, pharmaceutical, or common material capable of causing harm; or solid, liquid, contained gas, sludge, pollutant, asbestos, petroleum product, polychlorinated biphenyls, unused or returned consumer product, or other material, any of which, during the term of this Master Lease, become regulated as a hazardous material, hazardous waste, hazardous substance, toxic waste, or toxic substance; or (ii) any solid, liquid, contained gas, sludge, pollutant, asbestos, polychlorinated biphenyls, or other material that, during the term of this Master Lease, becomes prohibited or requires special handling or treatment under any applicable law or regulation, including common law.

P. "Hours of Operation" means the hours that the Leased Premises shall be operated as set forth in Appendix A-1 of this Master Lease.

Q. "Improvements" means any addition, alteration, construction, finish, or improvement to the Leased Premises; any attachment (including, but not limited to, attachment through the use of drilling) of a permanent fixture, permanent furniture, or permanent equipment; and includes, but is not limited to, completing the interior walls, partitioning(s), floor covering, ceiling work, utilities, painting, finish work, restroom facilities, signage (pursuant to Section 2.6 below), and any other thing necessary for Tenant to obtain a certificate of occupancy for the Leased Premises and operate the same as designated in Paragraph 1 of Appendix-1, Permitted Uses.

R. "Key Money" means the amount, if any, set forth as such in the applicable Attachment A as a one-time, non-refundable fee for the right to operate the Leased Premises within the Store

S. "Lease Term" means, for each Leased Premises, the period commencing on the Lease Term Commencement Date and ending on the Expiration Date. In the event that the Lease Term of the applicable Leased Premises extends, any reference to the term "Lease Term" includes the period by which the Lease Term extends.

T. "Lease Term Commencement Date" means, for each Leased Premises, the day on which the applicable Landlord and Tenant each sign the Attachment A for that Leased Premises.

U. "Leased Premises" means the area of a Store leased to Tenant by Landlord subject to the terms and conditions of this Master Lease, as identified in the applicable Attachment A and further depicted on the applicable Attachment A-1.

V. "Leased Premises Improvement Charge" means the amount, if any, set forth as such in the applicable Attachment A as a one-time, non-refundable charge for Landlord's construction of the Leased Premises to White Box condition

W. "Master Lease" means this Master Lease and any amendment, appendix, attachment, and exhibit attached to and incorporated into this Master Lease.



X. "Percentage Rent" means the amount, if any, determined as set forth in the applicable Attachment A.

Y. "Rent" means Base Rent, Percentage Rent, to the extent described in the applicable Attachment A, plus any additional or other rent, interest, tax, or other sum this Master Lease obligates Tenant to pay Landlord, including, without limitation, the Common Area Maintenance Fee, Insurance, the Utility Reimbursement Fee and the Leased Improvement Charge, as applicable.

Z. "Rent Commencement Date" means:

(i) the Grand Opening, as memorialized in the applicable Commencement Notice and specified in the applicable Attachment A, if the Leased Premises is located in a new, relocated, or expanded Store; or

(ii) The day specified in the applicable Attachment A, if the Leased Premises is located in a Store currently in operation that has not or will not be relocated or expanded between the time that the Attachment A is executed and the Rent Commencement Date.

AA. "Restriction" means any easement, covenant, condition, law, regulation, land use or other restriction, rule, or other matter binding upon the Leased Premises, Landlord or Tenant or any combination thereof, which acts to prohibit or materially restrict the use of the Leased Premises as contemplated by this Master Lease including, without limitation, the ability of Landlord to lease to Tenant or Tenant's ability to operate the Leased Premises as designated in Paragraph 1 of Appendix-1, Permitted Uses. By way of example, and not of limitation, if Landlord is required to obtain the consent of a third party prior to leasing space to the Tenant in a particular Store, the requirement of consent is a Restriction.

BB. "Store" or "Stores" means the "Wal-Mart" retail store operated by Landlord.

CC. "Sublease" means a written sublease agreement, approved by Landlord in Landlord's sole discretion, between Tenant and a Sublessee, pursuant to which such Sublessee will sublease and operate the applicable Leased Premises as part of a marketing plan or system prescribed by Tenant that is substantially associated with Tenant's trademark, service mark, trade name, logotype, advertising, or other commercial symbol designated by Tenant. The Sublease shall be subject and subordinate to this Master Lease, and shall provide that Sublessee agrees to be bound by all the terms, covenants, and conditions of this Master Lease.

DD. "Sublessee" means a franchisee, licensee, concessionaire or other party of Tenant that has been approved by Landlord in Landlord's sole discretion.

EE. "Tenant's Pro Rata Share" means the product of a fraction derived from time to time by dividing the gross square foot area of the subject Leased Premises for the period in question by the gross square foot area of the Store containing such Leased Premises for the same period.

FF. "Trade Fixtures" means any attached or unattached, moveable or non-moveable, fixture, furniture, or equipment unique to Tenant's business, the installation and removal of which requires no cutting, drilling, or other defacing of the Leased Premises.

GG. "Utility Reimbursement Fee" means the amount, if any, set forth as such in the applicable Attachment A.

HH. "White Box" means the interior condition of the Leased Premises with sprinklers, sheetrock walls, ceiling grid, HVAC installed, electrical service to the Leased Premises, security gate, acoustic ceiling tile, lighting and electrical outlets, and access to water and sewer.

1.2 Landlord's Entry into the Agreement.

A. Each Landlord enters into this Master Lease severally and solely as to the Store it operates and in which the Leased Premises is located and without any obligation with respect to any other Store. Accordingly, only the respective Landlord that operates the Store in which such Leased Premises is located may execute, for a Leased Premises, an Attachment A.

B. If, during the term of this Master Lease, it is determined that any Restriction on the use of the Leased Premises exists, Landlord may terminate this Master Lease as to the affected Leased Premises and the Master Lease and applicable Attachment A will be null and void as to such Leased Premises without further action by Landlord or Tenant. Neither Landlord nor Tenant will be liable to the other for any damages, loss, or liability in connection with the termination of this Master Lease as to the affected Leased Premises.

1.3 Landlord's Overlease. If Landlord is itself a lessee of a Store in which a Leased Premises is located, so that this Master Lease as to the particular Leased Premises is actually a sublease, Landlord will provide to Tenant, upon Tenant's reasonable request, a copy of the overlease under which Landlord holds the Leased Premises as lessee. Tenant accepts this Master Lease subject to all the terms and conditions of such overlease and covenants that it will do no act or thing that would constitute a violation of the overlease.

1.4 Granting Language. *Upon the full execution of the applicable Attachment A, Landlord leases to Tenant and Tenant rents from Landlord (subject and subordinate to any mortgage, deed or trust, other lien and any other matters of record presently existing or hereafter placed upon the applicable Leased Premises, the Common Areas, the Store, or any combination thereof) the Leased Premises identified in the applicable Attachment A and further depicted in the applicable Attachment A-1 to have and to hold subject to the terms of this Master Lease, by which the parties intend to be legally bound as to the applicable Leased Premises upon the execution by each appropriate party of both this Master Lease and the applicable Attachment A.*

Article II  
Construction and Acceptance of the Leased Premises

2.1 Landlord's Obligation to Deliver Possession on the Delivery Date.

A. Landlord shall use commercially reasonable efforts to deliver the applicable Leased Premises to Tenant in the condition and during the Delivery Window specified in the applicable Attachment A.

(1) Unless otherwise agreed to in the applicable Attachment A, Landlord shall notify Tenant, in writing and no later than ten (10) days prior to the first day of the Delivery Window, of the status of the construction of the applicable Leased Premises and of the anticipated Delivery Date within the Delivery Window on which Landlord estimates it will deliver possession of the applicable Leased Premises to Tenant.

(2) Landlord, at any time prior to notifying Tenant of the anticipated Delivery Date, may revise the Delivery Window.

(3) Landlord may revise the anticipated Delivery Date at any time after Landlord notifies Tenant of the anticipated Delivery Date, in accordance with this Article II, but in no event may Landlord revise the anticipated Delivery Date with less than five (5) days notice.

B. If Landlord is unable, through the use of commercially reasonable efforts, to deliver possession of the applicable Leased Premises to Tenant on the anticipated Delivery Date or within the Delivery Window specified in the applicable Attachment A, subject in all events to causes beyond Landlord's reasonable control, Landlord's delay in delivering possession of the Leased Premises will not constitute a breach of this Lease and Tenant waives any right or remedy it may have, at law or in equity, because of the delay in performance. If Landlord and Tenant mutually agree that delivery of possession is unfeasible within a commercially reasonable amount of time after the Delivery Window specified in the applicable Attachment A, the parties, without liability, may terminate this Master Lease as to the applicable Leased Premises.

2.2 Tenant's Right of Entry.

A. Prior to the Delivery Date, Tenant may enter the Leased Premises only to inspect and measure the Leased Premises to ready the Leased Premises for opening on the Rent Commencement Date.

B. Tenant may enter the Leased Premises in accordance with the preceding paragraph only if:

(1) Landlord and Tenant have previously signed an Attachment A for the Leased Premises,

(2) Tenant does not interfere with Landlord's performance of its obligations under Section 2.1 above, or with the transaction of Landlord's business or the business of any of Landlord's other Tenants, and

(3) The Leased Premises is not currently in the possession of another tenant.

C. If any work or other action done by, or on behalf of, Tenant results in a stoppage of Landlord's work, Tenant will immediately stop work until such time as the parties mutually agree Tenant's work can re-commence without materially interfering with Landlord's obligations under Section 2.1 above, which time may not be any later than the Delivery Date. Any failure by Tenant to comply with the provisions of this Section 2.2C is a material breach.

### 2.3 Acceptance of the Leased Premises.

A. Landlord makes no representations, covenants, or warranties of any kind or character whatsoever, express or implied, with respect to:

- (1) The quality, condition, or title of the applicable Leased Premises;
- (2) The suitability of the applicable Leased Premises for any activity and use that the Tenant may conduct in that Leased Premises according to this Master Lease;
- (3) Compliance of the applicable Leased Premises with any applicable law;
- (4) The habitability, merchantability, or fitness for a particular purpose of the applicable Leased Premises;
- (5) The environmental condition of the applicable Leased Premises; or
- (6) Whether Tenant's anticipated or actual use of the Leased Premises complies with the applicable land use restrictions or private limitations.

B. Tenant shall accept possession of the applicable Leased Premises when delivered by Landlord, even if Landlord is unable to deliver possession during the Delivery Window or on the anticipated Delivery Date, unless this Master Lease as to the applicable Leased Premises has been terminated according to Section 2.1B above.

C. TENANT WAIVES ALL RIGHTS WITH RESPECT TO ANY DEFECT IN THE LEASED PREMISES OR OTHER CONDITIONS OF THE LEASED PREMISES, AND IF TENANT FAILS TO NOTIFY LANDLORD OF ANY DEFECT AT LEAST SIXTY (60) DAYS AFTER THE DATE OF DELIVERY, TENANT CONCLUSIVELY ACCEPTS THE LEASED PREMISES "AS IS" AND WITH ALL FAULTS.

D. TENANT WAIVES ALL RIGHTS AGAINST LANDLORD WITH RESPECT TO ANY LIMITATION OR RESTRICTION ON ITS USE OF THE LEASED PREMISES AS A RESULT OF ANY APPLICABLE LAW, RULE, OR REGULATION

INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS OR PRIVATE LIMITATIONS.

2.4 Tenant's Obligations to Prepare the Leased Premises to Open for Business.

A. Tenant shall complete all Improvements and install all Trade Fixtures in accordance with this Section 2.4 and in accordance with the plans and specifications previously approved by Landlord in a timely manner, and shall open the Leased Premises on the applicable Rent Commencement Date.

B. Tenant shall submit to Landlord and obtain Landlord's approval of the floor plans and specifications and layouts of the Leased Premises, including dimensions, elevations, Improvements, intended colors, Trade Fixtures and plans and specifications for any proposed rooftop or other mechanical equipment, such approval not to be unreasonably withheld, conditioned or delayed.

(1) Tenant shall obtain Landlord's approval of the floor plans and layouts of the Leased Premises prior to seeking and obtaining any permits, licenses, certifications, or other documents necessary to complete the Improvements in the Leased Premises and install Trade Fixtures in the Leased Premises in accordance with this Master Lease.

(2) Tenant may not vary from or add to the previously approved plans and specifications and layouts without Landlord's prior, written consent, which Landlord may not unreasonably withhold or delay. Landlord's approval of Tenant's plans and specifications is solely based on Landlord's review. Landlord's approval of the plans and specifications and layouts does not represent government approval or suitability of the plans and specifications and layouts for Tenant's intended purposes.

(3) All Trade Fixtures and Improvements installed must be of high-quality materials and workmanship, comparable to or better than the storefront, improvements and trade fixtures used by other retailers in the vicinity of the Store and, specifically, used at Tenant's most recent prototype and must be conducted and installed in a good and workmanlike manner in accordance with all applicable laws and in accordance with obligations and requirements of this Master Lease including, but not limited to, insurance, licensing, and regulatory compliance requirements.

(4) Prior to any roof penetrations caused by Tenant's Improvements, Tenant shall obtain from Landlord's Leasing Operations Department the contact information for the contractor approved to work on Landlord's roof.

(5) If Tenant's rooftop heating, ventilating, and air-conditioning unit, or other rooftop equipment, requires steel supports in addition to the steel framing erected by Landlord, then Tenant will pay the cost of labor and materials for the installation thereof.

(6) Mechanical equipment on the roof will be placed within the area designated on Landlord's structural drawings.

(7) Tenant will provide screening or other type of cover for such mechanical equipment to prevent visibility by the public and subject to approval of Landlord and the local governmental authorities. If Landlord or any governmental authorities require a project standard equipment screen, Tenant will use and pay for same.

E. Tenant shall construct Improvements and install Trade Fixtures without interfering with other construction in progress at the Store or with the transaction of Landlord's business or the business of any of Landlord's other lessees. Tenant shall repair any damage that results from cutting, drilling or other defacing of the Leased Premises. Additionally, for any Leased Premises for which Improvements are being conducted or Trade Fixtures installed in a Store already open to the public for business, Tenant, prior to commencing Improvements or installing Trade Fixtures, shall erect a dust wall across the entrance to the Store from the Leased Premises. The dust wall required above must keep dust out of the Store and must minimize any noise or other disruption of Store operations but may not be plastic or canvas, and must be maintained in place throughout the construction.

F. If Landlord requests, Tenant will secure a bond or other security reasonably satisfactory to Landlord against any liens, loss, liability, or damage to persons or property related to the Improvements.

G. If Tenant fails to open the applicable Leased Premises on the Rent Commencement Date, subject to events beyond Tenant's reasonable control, including Landlord's material interference or default under this Master Lease, Landlord may charge Tenant liquidated damages of ten thousand dollars (\$10,000) and additional liquidated damages of three hundred dollars (\$300) a day for each day, including the Rent Commencement Date, which the Leased Premises remains unopened as required by the terms of this Master Lease. By way of example, and not as a limitation thereof, material interference may occur if Landlord fails to deliver possession to Tenant of the applicable Leased Premises with sufficient time before the Rent Commencement Date for Tenant to fulfill its obligations under this Article II. Tenant will pay any liquidated damages it owes to Landlord within thirty (30) days after Tenant receives an invoice from Landlord for the liquidated damages. Landlord and Tenant acknowledge that it would be impracticable to fix the actual damages suffered by Landlord as a result of Tenant's failure to open the Leased Premises on the Rent Commencement Date, according to this paragraph, and that the amount of liquidated damages described in the preceding sentence represents fair and reasonable compensation to Landlord for this failure. If the Leased Premises remains unopened for more than three (3) consecutive days following the Rent Commencement Date, Tenant will materially breach this Master Lease.

2.5 Tenant's Contractors. Tenant's contractors must be licensed, carry worker's compensation coverage as required by law, and comply with all applicable laws including, but not limited to, obtaining any required permit, license, or other

documentation necessary to perform the construction work in connection with this Master Lease. At Landlord's request, Tenant will provide Landlord with a list of all contractors and subcontractors Tenant is using.

2.6 Signs.

A. Notwithstanding anything to the contrary set forth in this Master Lease or any applicable Exhibit A, Tenant may not install on the exterior of any Store any sign, light, decoration, painting, awning, canopy or any other identifying mark or like item (collectively, "Signs").

B. Tenant may, with the prior, written consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed, and in accordance with Section 2.6C, install a Sign on the exterior bulkhead of the applicable Leased Premises, which is inside the Store in which a Leased Premises is located, with Tenant's trade name identified in Appendix-1 to this Master Lease and Tenant's logo.

C. Tenant may not install any Sign containing images or words that may offend the ordinary, reasonable person including, but not limited to, words or images that are cloaked in other words or images, phrases with double meanings, and words or images commonly considered to be vulgar, swear, or curse words. If Tenant's business or trade name violates this provision, Tenant may not use the name in any signage in or around the Leased Premises.

2.7 Landlord's Right of Re-Entry. After the Delivery Date and before the Rent Commencement Date, Landlord may re-enter the applicable Leased Premises to continue any portion of Landlord's work not yet complete. During this period of re-entry, Landlord may not unreasonably interfere with any work required under Section 2.4 being performed by Tenant or on behalf of Tenant.

2.8 Certificate of Occupancy. Tenant shall fax a copy of the Certificate of Occupancy within two (2) calendar days after receiving it to Landlord's **Project Management at (479) 204-2263.**

Article III

Binding Effect of Attachments A and A-1, Commencement Notice  
Master Lease Term and Extension

3.1 Effective Date of Master Lease. This Master Lease is effective and binds Landlord and Tenant as of the Effective Date. This Master Lease terminates in its entirety upon the termination, for whatever reason, of every Attachment A signed by Landlord and Tenant that attaches to this Master Lease and which is incorporated into this Master Lease.

3.2 Binding Effect of Attachment A. This Master Lease governs each Leased Premises for which Landlord and Tenant execute an Attachment A. Once signed by both Landlord and Tenant, each Attachments A and A-1 attaches to and incorporates into this Master Lease binding both Landlord and Tenant to the terms and conditions in both this Master Lease and the applicable Attachments A and A-1.

- 3.3 Commencement Notice. Within forty-five (45) days following the actual Rent Commencement Date of the applicable Leased Premises, Landlord will deliver the Commencement Notice to Tenant. The Commencement Notice is for informational purposes only and does not modify the terms of this Master Lease. If Tenant does not receive the Commencement Notice within that time, Tenant will notify Landlord, in writing or verbally. Any delay in delivery of the Commencement Notice is not a breach of this Master Lease.
- 3.4 Lease Term of a Specific Leased Premise. The Lease Term for each Leased Premises commences on the day on which the applicable Landlord and Tenant each sign the Attachment A for that Leased Premises and continues until the Expiration Date.
- 3.5 Extension of the Lease Term. The Lease Term for the applicable Leased Premises may extend, subject to the terms and conditions of this Master Lease, as designated in the applicable Attachment A.

Article IV  
Rent, Security, Taxes

- 4.1 Rent. Tenant's obligation under this Master Lease to pay Rent, in lawful money of the United States and without, for any reason, deduction or offset, begins on the Rent Commencement Date. Tenant shall pay Rent to Landlord for each Leased Premises for which Landlord and Tenant execute an Attachment A in accordance with the terms of this Master Lease and the applicable Attachment A.
- 4.2 Base Rent Payments.
- A. Tenant shall pay Base Rent, as set forth in the applicable Attachment A, to Landlord in advance, without offset, notice, or demand, in equal monthly installments with each monthly installment due by the Due Date. If the Rent Commencement Date occurs other than on the first day of the month, the Base Rent for that month equals one-thirtieth (1/30th) of the normal monthly rent installment for each day starting on the Rent Commencement Date and continuing through midnight on the last day of that month. If the Rent Commencement Date occurs other than the first day of the month, the Base Rent for the final month equals one-thirtieth (1/30th) of the normal monthly rent installment for each day starting on the Rent Commencement Date anniversary and continuing through midnight on the Expiration Date.
- B. Landlord may require Tenant to pay Base Rent on a quarterly basis rather than monthly if Tenant fails to pay Base Rent within ten (10) days of the Due Date for two (2) consecutive months. The quarter will commence on the first day of the month following the month that Landlord notifies Tenant in writing of this election.
- 4.3 Percentage Rent Payments. To the extent required in the applicable Attachment A, Tenant shall pay Percentage Rent to Landlord on an annual basis. Percentage Rent payments shall be due without offset, notice, or demand on the first day of the calendar month following each anniversary of the Rent Commencement Date; provided, that upon



the expiration or earlier termination of this Master Lease, Tenant shall pay any Percentage Rent due as of the effective date of such expiration or earlier termination.

- 4.4 Common Area Maintenance and Utility Reimbursement Fees. To the extent required in the applicable Attachment A, Tenant shall pay, as additional Rent, the Common Area Maintenance Fee and the Utility Reimbursement Fee to Landlord without offset, notice, or demand on a monthly basis by the Due Date, to be paid with Tenant's payment of Base Rent.

4.5 Leased Premises Improvement Charge.

A. If the Leased Premises for which an Attachment A is signed and attached to the Master Lease by Landlord and Tenant is located in a newly constructed Store (including any Attachment A that is signed and attached to the Master Lease by Landlord and Tenant upon a Store Relocation), Tenant shall pay Landlord the Leased Premises Improvement Charge as described in the applicable Attachment A. Tenant shall submit the Leased Premises Improvement Charge along with payment of the first month's Base Rent.

B. No Leased Premises Improvement Charge will be assessed against Tenant for a Leased Premises in an existing Store or for a Leased Premises permanently or temporarily relocated in connection with Store Renovations.

- 4.6 Key Money. Tenant shall pay Landlord Key Money as described in the applicable Attachment A. Tenant shall submit the Key Money along with payment of the first month's Base Rent.

4.7 Interest on Late Payments.

A. Tenant shall pay to Landlord interest on any balance of Rent unpaid more than ten (10) days following the Due Date at the prorated rate, based on a 30-day month, of the lesser of:

- (1) Five percent per annum, or
- (2) The maximum amount allowed by law.

B. Any interest due under this provision is additional Rent, and Tenant shall pay it in full no later than the day on which it pays the unpaid balance of Rent unless demanded earlier by Landlord. Interest will not accrue on any unpaid balance of Rent if:

- (1) The unpaid balance is due to an error or problem with the automatic debit, if Tenant is paying Rent through an automated clearinghouse account, and
- (2) The error or problem was not due to the intentional or negligent act of Tenant.

4.8 Security Deposit.

A. Tenant shall deliver to Landlord, no later than ten (10) days following Tenant signing the applicable Attachment A, an amount equal to the sum designated in the

applicable Attachment A, as security for the faithful performance and observance of the terms and conditions of this Master Lease by Tenant and its agents, employees, and representatives (the "Security").

B. Landlord may apply, retain, or use (at its sole option) the whole or any part of the Security to the extent required for payment of:

- (1) Rent;
- (2) Other sums that Tenant is obligated to pay Landlord under this Master Lease;
- (3) Sums that Landlord may expend or may be required to expend by reason of Tenant's breach of this Master Lease;
- (4) Loss or damage that Landlord suffers by reason of Tenant's breach of this Master Lease including, but not limited to, any damages incurred by Landlord or deficiency resulting from the re-letting of the Leased Premises, whether such damages or deficiency accrues before or after summary proceedings or other re-entry by Landlord; or
- (5) Costs Landlord incurs in connection with the cleaning or repair of the Leased Premises after the expiration or earlier termination of this Master Lease as to the applicable Leased Premises.

C. Landlord is not obligated to apply, retain, or use the Security, and any payment by the Security in no way relieves Tenant of its obligations under this Master Lease to pay Rent or other charges.

E. Landlord's right to bring an action or special proceeding to recover damages, or otherwise obtain possession of the applicable Leased Premises, before or after Landlord's delivery of notice to Tenant of the termination of this Master Lease as to the applicable Leased Premises for non-payment of Rent, or for any other reason, is not effected because Landlord holds the Security.

F. The Security does not limit Landlord's available rights and remedies under this Master Lease, at law, or in equity nor is it a payment of liquidated damages.

G. Tenant, no more than fifteen (15) days following Landlord's notice to Tenant, shall replace the Security when payments by the Security equal or exceed the sum of the security deposit. Failure to timely replace the Security is a material breach of this Master Lease.

H. Except as required by applicable law, Landlord is not required to keep security deposits separate from Landlord's own funds and may commingle security deposits with its own funds.

I. If Tenant fully and faithfully complies with all the terms and conditions of this Master Lease, Landlord will return to Tenant any part of the security deposit that Landlord does not apply, retain, or use in accordance with this Section \_\_ no later than thirty (30) days following Tenant fully discharging all of its obligations under this Master Lease, unless applicable law requires a shorter or extended time.

#### 4.9 Taxes.

A. Landlord shall initially pay all General Taxes levied, during each fiscal tax year, against the Store, the Common Area, or both, subject to Tenant's reimbursement obligations set forth below. "General Taxes" mean all general real estate taxes, general and special assessments, parking surcharges, fees, and other governmental charges and any costs Landlord incurs contesting any of the above.

B. In addition to Tenant's reimbursement obligations set forth below and any other obligations of Tenant under this Master Lease, Tenant shall pay all taxes and assessments:

(1) Levied against any improvements located within or upon any Leased Premises, and any of Tenant's inventory, personal property, and Trade Fixtures;

(2) Assessed, imposed, or levied against Landlord in relation to either Landlord's interest in this Master Lease or the Rent or other charges required under this Master Lease including, but not limited to, increases or additional, special, regular, unforeseen, foreseen, extraordinary, or ordinary, taxes and assessments, whether occurring wholly or partially during the Lease Term of the specific Leased Premises from which the taxes or assessments arise;

(3) For increases, that are billed or assessed during the Lease Term that are attributable to Tenant's Improvements or occupancy of the Leased Premises; and

(4) Imposed against Landlord because of Landlord's interest in this Master Lease as a substitute, or in lieu of, in whole or in part, for any General taxes or other real estate tax or assessment.

C. Tenant shall reimburse Landlord, upon demand, for Tenant's Pro Rata Share of General Taxes assessed or levied during the Lease Term, as prorated to account for any period of partial occupancy of the applicable Leased Premises, and for any other tax, assessment, or excise that was imposed, assessed, or levied against Landlord that Landlord paid but for which Tenant is primarily liable under this Master Lease.

#### Article V Utilities

5.1 Utilities. Except as otherwise provided in this Master Lease or the applicable Attachment A, Landlord shall pay for all public utilities furnished to the Leased Premises and shall reasonably cool, heat, and light and provide water and sanitary sewerage services to the building in which the Leased Premises is located. Landlord is not liable for any

interruption whatsoever to the public utilities, the lighting, the cooling, the heating, the water, or the sanitary sewerage services if any of the preceding are interrupted:

A. Due to equipment failure, fire, accident, strike, acts of God, or other causes beyond the reasonable control of Landlord; or

B. In connection with Store Renovations or to repair the Store or the Leased Premises.

- 5.2 Telephone Service. Tenant shall pay for telephone service in the Leased Premises. *The use of a cordless phone within a Leased Premises is strictly prohibited.*

## Article VI Use and Operation

- 6.1 Use. Tenant shall use the Leased Premises as designated in Paragraph 1 of Appendix-1, Permitted Uses, subject to applicable legal requirements, and for no other purpose without the prior, written consent of Landlord.

- 6.2 Continuous Operation.

A. Tenant, other than as expressly permitted by this Master Lease, and during the applicable Lease Term, shall operate the applicable Leased Premises continuously during the Hours of Operation designated in Appendix-1 in accordance with the Permitted Uses designated in Appendix-1 and the terms and provisions of this Master Lease.

B. Tenant, other than as expressly permitted by this Master Lease, shall not vacate the applicable Leased Premises during the applicable Lease Term or cease operations in the applicable Leased Premises and shall conduct its business, at a minimum, in an efficient, first-rate, and reputable manner.

C. Other than closing the Leased Premises to repair, update, and upgrade the Trade Fixtures, the Improvements, and the Leased Premises in accordance with Section 7.3B below, Tenant may close the applicable Leased Premises for repair or renovation only with the prior, written consent of Landlord, which Landlord may not unreasonably withhold, condition or delay.

D. Failure to comply with this provision or any representation by Tenant that during the applicable Lease Term the Tenant, or one of its Sublessees, will not comply with this provision or will vacate the applicable Leased Premises materially breaches this Master Lease.

- 6.3 Hours of Operation. Tenant shall post its Hours of Operation in a conspicuous location within the Leased Premises, subject to and in accordance with the requirements set forth in Section 2.6 above.

- 6.4 Trade Name. During the term of this Master Lease, Tenant shall conduct its business under the name designated as Tenant's Trade Name in Appendix-1 and under no other

name without the prior, written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

A. Tenant acknowledges that Landlord relied on Tenant's business reputation and associated trade name as a significant material inducement in Landlord's decision to execute this Master Lease, and therefore, Tenant hereby warrants that Tenant has the right to use the trade name and all logos, trade dress, slogans, and all other identifying marks used by Tenant at the Leased Premises.

B. Failure to comply with this Section 6.4 is a material breach of this Master Lease.

6.5 Customer Service.

A. Tenant shall operate the Leased Premises in conformity with Landlord's reputation as the operator of discount retail stores dedicated to customer satisfaction and prompt quality customer service featuring a broad assortment of quality merchandise at low, competitive prices.

B. Tenant, at its sole cost and expense, shall post, in a conspicuous location that customers can see when the Leased Premises is open and when the Leased Premises is closed, a telephone number and an address for customers to contact. The telephone number must be either toll free or a number local to the applicable Leased Premises.

6.6 Window Display Lights. Tenant shall keep, during the Hours of Operation, any display windows in the Leased Premises neat and attractive.

6.7 Mail & Deliveries. Landlord does not guaranty any mail or deliveries to the Leased Premises and recommends Tenant arrange to receive mail or deliveries at an alternate location. Any mail or deliveries to and from the Leased Premises must be done only at such times and in the areas and through the entrances designated for such purpose by Landlord. Any mail or delivery left with the Store is done at the Tenant's sole risk. All property kept, stored, or maintained on the Leased Premises by Tenant is at Tenant's sole risk.

6.8 Tenant's Advertising, Promotion, and Media Inquiries.

A. Tenant may use Landlord's name only to the extent Landlord's Leasing Operations Department approves and only as a location reference.

B. Tenant may not promote its services within the Store using Landlord's in-store public address system.

C. Tenant may not post any Signs outside of the Leased Premises, except as provided in Section 2.6B above, or post any handmade signs inside or outside of the Leased Premises.

D. Tenant's promotions related to the Leased Premises must be conducted in a professional manner by trained individuals.

E. Tenant may not release or cause to be released any statement to the press or otherwise containing Landlord's name or representing any relationship whatsoever to Landlord, without the prior, written approval of the Wal-Mart Leasing Operations Department.

F. Tenant agrees that it will not, within the Leased Premises or anywhere else in the Store, advertise, market, or promote any Competing Business. For purposes of this paragraph, "Competing Business" means any retail business involved in the sale of any products or services sold from within the Store or by any affiliate, parent company, or subsidiary of Landlord.

6.9 Restrictive Covenants. Tenant shall comply with and observe any easement, covenant, or restriction that affects or applies to the Leased Premises and the Common Area.

6.10 Restrictions on Tenant's Activities. In addition to any easement, covenant, or restriction that affects or applies to the Leased Premises or the Common Area, Tenant, and its Sublessees, shall not:

A. Use the sidewalk adjacent to or any other space outside the Leased Premises for display, sale, or any other similar undertaking.

B. Use a loudspeaker system that may be heard from outside the Leased Premises; place or permit any radio, television, loudspeaker, or amplifier on the roof, inside the Leased Premises, or anywhere that the radio, television, loudspeaker, or amplifier can be seen or heard from outside of the Leased Premises; or solicit or distribute any handbills or other advertising in the parking lot, Store, or Common Areas, unless otherwise protected by law.

C. Use the plumbing facilities of the Leased Premises or the Store for any purpose other than that for which they were constructed. Neither Tenant nor its Sublessees, nor the invitees of either Tenant or its Sublessees, may use the plumbing facilities of the Leased Premises to dispose of any foreign substances. The expense of any breakage, stoppage, or damage resulting from a breach of this paragraph will be born by Tenant.

D. Place on any floor a load that exceeds the load per square foot that the floor was designed to carry. Tenant may only install, operate, and maintain heavy equipment in the Leased Premises if installed in such manner as to achieve a proper distribution of weight.

E. Use any forklift truck, tow truck, or any other machine or equipment in the Store, in the Common Areas, or on any of the underlying ground, unless necessary to complete Tenant's obligations under Section 2.4 or unless otherwise agreed to in Appendix-1.

F. Use the Leased Premises to conduct illegal business or for illegal purposes or for any purpose that may increase the premium cost of or invalidate any insurance policy carried on the Leased Premises, Common Areas, or the Store. If insurance premiums for insurance policies carried on the Leased Premises, Common Areas, or the Store increase in connection with Tenant's use of the Leased Premises, Tenant will reimburse Landlord for the increase.

G. Unreasonably interfere with Landlord's business or the business of another tenant of Landlord or act in such a way that reasonably may be expected to injure Landlord's business relationship including, but not limited to, acting in any way that diminishes the access to or the visibility of any portion of the Store or any other tenant's premises or that impedes the free circulation of customer traffic within the Store.

H. Receive, retain, or store in the Leased Premises any "Controlled Substances" except for any Controlled Substances included in an emergency medical kit. For the purposes of this Master Lease, "controlled substances" means materials containing any quantity of a substance with a stimulant, depressant or hallucinogenic effect on the higher functions of the central nervous system, and having the tendency to promote abuse or physiological or psychological dependence, as designated in state and federal controlled substance schedules including, but not limited to, those listed in Schedules I through V of the Controlled Substances Act, 21 U.S.C. §812, as may be amended. Failure to comply with this paragraph is a material breach.

I. Within the Leased Premises, receive, retain, store, or use any firearm, tear gas, mace, pepper spray, dye pack, or any item similar to a firearm, tear gas, or dye pack.

6.11 Encumbrances and Liens. Tenant may not cause any encumbrance to attach to or upon the Leased Premises, the Store, the Common Area, the land underlying any of the foregoing, or Tenant's interest in this Master Lease because of any act or omission of Tenant, its contractors, agents, employees, or representatives. Failure to discharge or bond/insure over any encumbrance within fifteen (15) business days following its filing is a material breach. In addition to any right or remedy Landlord may have for the material breach, Landlord may bond or pay the encumbrance for Tenant's account without inquiring into the validity of the encumbrance. If Landlord elects to pay the encumbrance, Tenant will reimburse Landlord, upon demand by Landlord, the amount Landlord paid, plus an additional ten percent (10%) administrative fee, plus interest. Interest will accrue at the lesser of one and five percent (5%) per annum or the maximum amount allowed by law beginning on the day Landlord bonds or pays the encumbrance and continuing until Tenant reimburses Landlord the entire amount Landlord paid, plus the administrative fee and any interest accrued.

6.12 Performance Covenants. Commencing on the second anniversary of the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter during the Lease Term, Tenant shall satisfy the performance covenants set forth in the applicable Attachment A for each Leased Premises subject to this Master Lease (the "Performance Covenants"). Tenant's failure to satisfy the Performance Covenants with respect to a particular Leased Premises for any calendar year shall constitute a material breach of this Master Lease. In such event, Landlord will have all rights and remedies available to it under Article XVII of this Master Lease, including, without limitation, the right to terminate this Master Lease pursuant to Section 17.2 below; provided, that notwithstanding anything herein to the contrary, in the event Landlord elects to terminate this Master Lease as to such Leased Premises, such termination (a) shall apply only as to such Leased Premises and not to this Master Lease in its entirety, and (b) shall occur upon sixty (60) days prior written notice to Tenant

unless Landlord elects to wait to terminate this Master Lease until after it re-lets the Leased Premises in accordance with Section 17.2.

## Article VII Repairs & Maintenance

### 7.1 Repairs by Landlord.

A. Subject to the provisions of Section 11.1 (Casualty) and Article XII (Condemnation), Landlord shall maintain the Store and Leased Premises in good order and make all necessary repairs in the Leased Premises to the foundation, gutter, spouts, exterior walls, interior load-bearing walls, door, door closure devices, exterior openings, gates, and gate closure devices and to the roof and HVAC, except as provided in Section 7.2 below. Tenant shall notify Wal-Mart Maintenance of any necessary or requested repairs by calling the Wal-Mart Maintenance Hotline at (479) 273-4747. Tenant must have the work order number provided by the Wal-Mart Maintenance Hotline at the time the repair is reported in order to check on the status of the repair.

B. Tenant shall reimburse Landlord for any repairs necessitated by the intentional acts or negligence of Tenant or Sublessee or the agents, customer, employee, or representative of either. Any reimbursement required in the preceding sentence must be made no later than thirty (30) calendar days after Landlord's written demand for reimbursement from Tenant.

C. Landlord does not breach its obligations under Section 7.1A above until a reasonable amount of time passes after Tenant notifies Wal-Mart Maintenance, according to Section 7.1A, of the needed repair, except in the case of an emergency which will require Landlord to commence repairs within 24 hours of such Tenant notification to Wal-Mart Maintenance. Rent will not abate during this time or while any repairs are being made, and Landlord will not be liable to Tenant or Sublessee due to loss or interruption of Tenant's business because of the prosecution of the repair except in the case of Landlord's gross negligence or intentional misconduct.

D. Notwithstanding the foregoing, in the event of an emergency which threatens to damage any of Tenant's Improvements or Trade Fixtures or interrupts Tenant's ability to operate its business in the Leased Premises, Tenant shall notify Wal-Mart maintenance immediately and, upon the consent of Wal-Mart Maintenance, Tenant will have the right to make immediate repairs. In such case, Landlord will reimburse Tenant for the reasonable cost of such repairs within thirty (30) days of Landlord's receipt of Tenant's written request for reimbursement, along with invoices and such other supporting documentation as Landlord may reasonably require.

### 7.2 Tenant's Repairs, Maintenance, Handling Hazardous Substances.

A. Except those items to be maintained by Landlord pursuant to the terms of this Master Lease, Tenant, at its sole cost and expense, shall maintain the Leased Premises in compliance with applicable law and in good order and condition, ordinary wear and tear



excepted. Tenant shall effect, at Tenant's sole cost and expense and according to applicable law, all repairs to the Leased Premises (except for those specifically enumerated in Section 7.1 above) that are commercially necessary or desirable to maintain the Leased Premises in a safe, dry, and tenantable condition including, without limitation, repairs to:

- (1) Any portion of the pipes, lines, ducts, wires, or conduits, used solely by Tenant;
- (2) Plate glass, windows, door frames, and special store fronts that serve Tenant solely;
- (3) Molding, locks and hardware, lighting, plumbing, Trade Fixtures, Signs, and interior painting and treatment; and
- (4) Any Improvements or Trade Fixtures installed in the Leased Premises, including any rooftop heating, ventilation, or air-conditioning unit or other rooftop equipment. Any repairs to the rooftop heating, ventilating, and air-conditioning unit or other rooftop equipment must be made by a Landlord-approved contractor.

B. Tenant, at no expense to Landlord, shall handle, manage, store, transport, and dispose of all Hazardous Substances created by Tenant, its Sublessees, agents, employees or representatives in any process, action, or inaction in connection with the Leased Premises and in accordance with all applicable Federal, State and local laws and regulations. Tenant shall not use any of Landlord's property or equipment in using, handling, managing, storing, transporting, and disposing of Hazardous Substances. Evidence of Tenant's compliance with all applicable Federal, State and local laws concerning the use, handling, management, storage, transportation, and disposal of Hazardous Substances must be provided to Landlord upon Landlord's request.

C. Tenant, at no expense to Landlord, shall maintain the Leased Premises in a clean and sanitary condition, free from debris or offensive odor, and in compliance with all laws affecting the Leased Premises, Tenant's use of the Leased Premises, or Tenant's business.

- (1) Tenant shall not allow the accumulation or burning of any rubbish or garbage in, on, or about the Leased Premises and shall keep all entrances, doors, or loading areas in the Leased Premises or immediately adjoining the Leased Premises free from trash, litter, or other obstruction.
- (2) Tenant shall bear the expense of garbage and rubbish collection and disposal. If Landlord's Leasing Operations Department permits Tenant to use any part of the Store (other than the Leased Premises), Common Area, or land underlying the foregoing to store garbage and refuse generated by Tenant's use of the Leased Premises, Tenant and its Sublessees, at the expense of Tenant or its Sublessee, will keep all such garbage and refuse in the location designated by Landlord and in the kind of container, including the use of interior refrigerated

garbage containers and compactors, Landlord specifies in its commercially reasonable opinion.

(3) Tenant will maintain air pressure in the Leased Premises necessary to keep offensive odors from emanating from the Leased Premises.

(4) Any odor-producing function of Tenant's operations must be mechanically vented to the exterior of the Store and the Leased Premises to eliminate the dissipation of such odors into the Store or into the interior or exterior of any other tenant's space. Exhaust hoods may not project above the roof deck higher than that allowed by local governmental authorities or code requirements.

(5) At Landlord's written request, Tenant will install any equipment or procedures necessary to comply with Section 7.2C(3) and Section 7.2C(4). If Tenant fails to comply with Landlord's request, within twenty (20) days after receiving notice, Landlord may take remedial action for Tenant, and Tenant will pay, as additional Rent, the cost of such remedial action plus an administrative charge of ten percent (10%) of the cost thereof.

D. If Tenant fails to commence, and thereafter pursue diligently any repairs required by this Section 7.2 within ten (10) days of receiving notice from Landlord of the repair, Landlord may repair the Leased Premises as necessary to maintain it in a good, clean, safe, dry, and tenantable condition. If Landlord makes such repair, Tenant will reimburse Landlord for its costs, plus an additional ten percent (10%) administrative fee when Tenant pays the next month's Rent.

### 7.3 Store Relocation, Renovation and Closing.

A. Landlord, from time to time, may relocate the Store to another physical address (a "Store Relocation"). In the event of a Store Relocation, Landlord, in its reasonable discretion, may terminate this Master Lease and related Attachment A as to the applicable Leased Premises. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Leased Premises, Landlord will reimburse Tenant for the unamortized portion of the cost of Tenant's initial Improvements to the particular Leased Premises, calculated on a straight line depreciation basis over five years, not to exceed \$100,000 (the "Unamortized Improvement Costs"). Landlord will not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises. Landlord and Tenant may mutually agree to enter into a new Attachment A for the new location of the Store or any other Store. If Landlord and Tenant enter into a new Attachment A for the new location of the Store or any other Store, Tenant will bear all costs and expenses incurred in relocating to the new location of the Store or to any other Store. Tenant will also repair, update, and upgrade all Trade Fixtures and Improvements to the Leased Premises and ready the newly located Leased Premises to be open for business to the public for the Store's Grand Opening as required by this Master Lease. Landlord must first approve all repairs, updates, and upgrades to the Leased Premises, such approval not to be unreasonably withheld.

B. Landlord, from time to time, may remodel, re-arrange, renovate, or expand (collectively and individually "Store Renovations") the Store, without relocating the Store to another physical address. During Store Renovations, Tenant will repair, update, and upgrade the Trade Fixtures, the Improvements and the Leased Premises unless Tenant repaired, updated, and upgraded the Trade Fixtures, the Improvements and the Leased Premises within the three (3) consecutive preceding years. All repairs, updates, and upgrades Tenant contemplates must be previously approved by Landlord, which approval will not be unreasonably withheld, conditioned or delayed.

(1) In connection with any Store Renovations, Landlord may either temporarily or permanently relocate Tenant to another location within the Store that is of like size and configuration as the Leased Premises and is in a reasonable condition from which Tenant may operate if Landlord, in its commercially reasonable judgment, determines the relocation necessary to complete Store Renovations. Landlord will bear the cost of moving Tenant's Trade Fixtures in the event of a temporary relocation, but Landlord is not responsible for any expense associated with Tenant's repairs, updates, and upgrades of the relocated Leased Premises, whether the relocation is temporary or permanent. If the relocation is of a permanent nature and Tenant reasonably determines that the new location will materially impair its operations in the applicable Leased Premises or is not of like size and configuration as the original Leased Premises, Tenant may terminate this Master Lease as to the applicable Leased Premises by providing written notice to Landlord. If the relocation is temporary and Tenant reasonably determines that the new location of the Leased Premises will materially impair its business or that the Store Renovations are materially impairing its operations in the Leased Premises, Tenant may, with Landlord's written consent, not to be unreasonably withheld, conditioned or delayed, close the applicable Leased Premises until Landlord and Tenant agree that the Store Renovations no longer impair the operations of the applicable Leased Premises.

(2) If, in connection with the Store Renovations, Landlord closes the Store for more than three (3) consecutive days, Tenant may, with Landlord's written consent, not to be unreasonably withheld, conditioned or delayed, either close the applicable Leased Premises while the Store is closed in connection with the Store Renovations and conduct the repairs, updates, and upgrades of the Leased Premises as required by this Section 7.3B or terminate this Master Lease as to the applicable Leased Premises.

C. If the Leased Premises closes in accordance with this Section 7.3, Rent due during the time in which the Leased Premises is closed will abate. The Leased Premises must re-open once the Store Renovations and the operations of the Leased Premises no longer materially impair each other, as determined by mutual agreement of the parties.

D. If a Store in which the applicable Leased Premises is located permanently ceases to be open for business to the public, and not as a part of a relocation as contemplated by Section 7.3A above (a "Store Closing"), this Master Lease as to the applicable Leased Premises will terminate on a date mutually agreed to by Landlord and Tenant, but at no

time may such date be less than thirty (30) days prior to the Store Closing. In such event, Landlord will reimburse Tenant for the Unamortized Improvement Costs and Landlord and Tenant will each be released from any further obligations under this Master Lease and will each waive any rights it may have under this Master Lease. Despite anything to the contrary elsewhere in this Master Lease, any Claim of each and every kind and nature whatsoever (including, but not limited to, liability as to any actions by third parties for injuries to persons or damage to property), actual or potential, past and present, known or unknown, arising out of or based upon, directly or indirectly, the Master Lease, statute, government regulation or any rights or responsibilities accruing therefrom, having accrued before the termination date, whether or not yet asserted, survives the termination of the Master Lease.

### Article VIII Compliance with Law and Other Requirements

8.1 Rules and Regulations. Tenant shall observe all rules and regulations established from time to time by Landlord upon notice to Tenant, through publication in the Landlord/Tenant Handbook or otherwise, including, but not limited to:

A. Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, should remove immediately from the Store any merchandise purchased from Landlord.

(1) Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, may not bring into the Leased Premises any merchandise purchased from Landlord unless the merchandise is purchased for use by Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, in the operation of its business in the Leased Premises or unless the merchandise is purchased for immediate consumption by Tenant, or its Sublessee, or any agent, employee, or representative of either Tenant or Sublessee.

(2) Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, must keep a receipt for the merchandise purchased with the merchandise at all times while the merchandise is in either the Leased Premises or the Store.

(3) No merchandise for which Tenant or Sublessee, or any agent, employee, or representative of either Tenant or Sublessee, has not paid may be removed from the Store or brought into the Leased Premises.

(4) Any purchase by Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, is subject to search according to Landlord's security procedures applicable to other customers of Landlord. Anyone removing, or involved in the removal of, merchandise, either from the Store or into the Leased Premises, without first paying for the merchandise may be evicted from the Store or all of Landlord's property, may be treated as a shoplifter, or both. Shoplifters may be subject to prosecution.

B. Each of Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, shall conduct him or herself while in the Store or in the Leased Premises in a professional and courteous manner, appropriately attired, trained, and groomed, and in accordance with commercially reasonable standards in Tenant's industry.

C. Tenant and Sublessee, and any agent, employee, or representative of either Tenant or Sublessee, shall abide by Landlord's procedures in responding to media inquiries as such inquiries relate to the Leased Premises, Landlord, or any relationship between Tenant and Landlord.

## 8.2 Compliance.

A. Tenant, in its use, occupancy and operation of the Leased Premises, shall comply with all federal, state, and local laws, rules, orders, directives, and regulations.

B. Landlord has absolutely no responsibility, obligation, or liability for Tenant's hiring and other employment practices. Tenant warrants and represents that it has a policy to:

- (1) Comply in all respects with all immigration laws and regulations;
- (2) Properly maintain all records required by the United States Citizenship and Immigration Services (the "USCIS") including, without limitation, the completion and maintenance of the Form I-9 for each party's employees;
- (3) Respond in a timely fashion to any inspection requests related to such I-9 Forms;
- (4) Cooperate fully in all respects with any audit, inquiry, inspection, or investigation the USCIS may conduct of such party or any of Tenant's employees;
- (5) Conduct annual audit of the I-9 Forms for its employees;
- (6) Promptly correct any defects or deficiencies the audit reveals; and
- (7) Require all subcontractors performing any work for Tenant to comply with the covenants set forth in this Section 8.2B.

C. Tenant shall comply with the provisions of the Americans with Disabilities Act ("ADA") as it relates to its operation of the Leased Premises.

- (1) If, after Landlord delivers to Tenant the applicable Leased Premises, the presence of any ADA violation on the applicable Leased Premises requires remedial work on the Leased Premises and such ADA violation was not caused by Landlord's actions or failure to act as required with respect to Store (other than the Leased Premises), Tenant will promptly take all actions at its sole expense as are required by any federal, state, or local government agency or political

subdivision to comply with the ADA; provided that Landlord's consent to such actions is first obtained, which consent Landlord may not unreasonably withhold, condition or delay.

(2) In addition to Tenant's obligations under Article XIII, Tenant shall indemnify, defend and hold harmless the Indemnitees from any Claim including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction of use of rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing of space of the Leased Premises, and sums paid in settlement of claims, attorney's fees, consultation fees and expert fees arising during or after the applicable Lease Term as a result of such violation. Tenant's obligations in the preceding sentence include, without limitation, costs incurred in connection with any investigation of site conditions or any remedial work required by any federal, state, or local government agency or political subdivision because of any ADA violation present on or about the Leased Premises not caused by Landlord's actions or failure to act as required with respect to the Store (other than the Leased Premises).

(3) If, after Landlord delivers to Tenant the applicable Leased Premises, the presence of any ADA violation exists in the Store (other than the Leased Premises) which requires remedial work on the Leased Premises, Landlord, at its sole cost and expense, will take all necessary actions required by any federal, state or local government agency or political subdivision to comply with the ADA.

D. Tenant represents and warrants that neither it nor its Sublessees are:

(1) A person or entity designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at <http://www.ustreas.gov/offices/enforcement/ofac/sdn>, with which a U.S. person or entity cannot deal or otherwise engage in business transactions;

(2) A person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with such Tenant or its Sublessees;

(3) Either wholly or partly owned or wholly or partly controlled by any person or entity on the SDN List, including, without limitation, by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List;

(4) A person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or

(5) A person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Master Lease would be prohibited under U.S. law.

E. Tenant shall inquire diligently into and screen the qualifications of each employee, agent, or representative operating out of the Leased Premises, and no one that may pose a reasonably ascertainable risk to the safety or property of Wal-Mart or its Associates, customers, or business invitees is permitted on Wal-Mart property. For purposes of this paragraph, "inquire diligently into and screen" means conducting a criminal background check in accordance with federal and state law, properly checking references, and using such other methods to determine qualifications that a reasonable and prudent employer might utilize under the circumstances. Also, "risk" means any propensity to engage in violence, sex crimes, fraud, theft, vandalism, or any other conduct likely to result in harm to a person or property. Failure to comply with this provision constitutes a material breach of this Master Lease.

F. Tenant shall maintain the warranties and representations Tenant made under this Master Lease, all of which are remade and reaffirmed by Tenant when signing each new Attachment A, in full force and effect throughout the term of this Master Lease.

G. Any failure by Tenant to comply with its obligations under this Section 8.2 is a material breach.

- 8.3 Landlord's Right of Removal. Landlord, in its sole judgment and discretion, may deny entry to or remove from its premises any Tenant or Sublessee, or any agent, employee, or representative of either Tenant or Sublessee, who violates any of Landlord's rules or regulations.

## Article IX

### Right to Access & Common Areas

- 9.1 Landlord's Right to Access. Landlord may enter the Leased Premises:

A. Upon reasonable notice to Tenant (except in the case of emergency, in which case no notice will be required) to either inspect the Leased Premises, enforce any of Landlord's rules and regulations or enforce the terms and conditions of this Master Lease;

B. Upon reasonable notice to Tenant, either to effect repairs it is obligated to perform or to add, alter, improve, repair, or otherwise construct or maintain any part of the Store adjacent to the Leased Premises; and

C. With twenty four (24) hours' advance notice to Tenant to show the Leased Premises to a prospective lender, lessee, or purchaser.

- 9.2 "For Rent" or "For Lease." Landlord may post "For Rent" or "For Lease" signs on the Leased Premises during the last ninety (90) days of the Leased Term if, in accordance with this Master Lease, Landlord and Tenant do not extend the Lease Term.

9.3 Tenant's Right to Access.

A. Tenant, its Sublessee, and the agent, customer, employee, or representative of each, has a limited right, during the Hours of Operation listed in Appendix-1 and immediately before and immediately after the Hours of Operation, to enter upon the Common Areas of the Store in order to conduct business in the Leased Premises.

B. Except as set forth in Article II and Article VII, Tenant has no rights or obligations related to the rooftop of the Leased Premises.

C. Tenant, with Landlord's prior consent, which will not be unreasonably withheld, conditioned or delayed, may enter Landlord's property for the limited purpose of servicing, maintaining, and otherwise performing its obligations in connection with this Master Lease at times the Store is not open to the public for business if Tenant, in no way, provides its services to the public during that time.

9.4 Parking. Tenant, its Sublessee, and the agents, employees, and representatives of each, while working in the Leased Premises, may park their motor vehicles in spaces designated by Landlord. Landlord may tow or cause to be towed, at the expense of the owner of the motor vehicle, any motor vehicle owned by Tenant, its Sublessee, or the agents, employees, and representatives of each that is parked in any area of Landlord's property other than the parking area designated. Landlord will not be liable to Tenant or its Sublessee or either of their agents, employees or representatives for any damage to or theft of their motor vehicles or any personal property contained in their motor vehicles.

9.5 Landlord's Liability. If Landlord enters the Leased Premises according to the provisions of this Master Lease, Landlord is not liable to Tenant for any loss, liability, or damages resulting from Landlord's entry except to the extent such losses, liabilities or damages arise from Landlord's gross negligence or willful misconduct. If Landlord enters the Leased Premises during the Hours of Operation, Landlord will use commercially reasonable efforts not to interfere with Tenant's business, and Landlord will not be liable to Tenant for any loss, including lost profits, for any resulting business interruption, except for losses, other than lost profits, to the extent such interruption arises from Landlord's gross negligence or willful misconduct.

9.6 Common Areas. Despite the preceding Sections, Landlord may close or prohibit the use of any Common Area, in part or in whole; may change the location or appearance of the Common Area; or may erect additional structures in the Common Area, provided such changes do not materially impact access to the Leased Premises.

Article X

Transfer of Interest, Subordination, Attornment

10.1 Transfer of Tenant's Interest. During the term of this Master Lease, Tenant may not, without the prior written consent of Landlord, which Landlord may withhold in its sole discretion, take any of the following actions (individually and collectively, a "Transfer"):



- A. transfer, encumber, or pledge its interest in this Master Lease, either in its entirety or as to a particular Leased Premises, or an applicable Leased Premises, other than to an Affiliate;
- B. permit any transfer of its interest in this Master Lease by operation of law other than a transfer by operation of law to an Affiliate;
- C. permit any person or entity other than Tenant to use the Leased Premises; or
- D. cause or permit Tenant's dissolution, merger, or consolidation, other than a merger.
- E. transfer, at any time during the term of this Master Lease, more than an aggregate of fifty percent (50%) of Tenant's voting shares or more than fifty percent (50%) of the value of Tenant's unencumbered assets (as of the date of the transfer); or
- F. transfer, at any time during the term of this Master Lease, any part or all of Tenant's shares of stock resulting in the majority owner(s) of said shares of stock as of the day Tenant signs this Master Lease no longer maintaining effective voting control of Tenant.

10.2 Effect of Unauthorized Transfer. Subject to the exceptions in Section 10.1, any Transfer or attempted Transfer without Landlord's prior written consent will be void and will not confer any rights upon any third person and will constitute a material breach of this Master Lease.

10.3 Requesting Landlord's Consent.

- A. Any request for Landlord's consent pursuant to this Article X must be in writing and include:
  - (1) The proposed effective date of the Transfer, which should not be less than forty-five (45) days nor more than one hundred eighty (180) days in advance of the notice;
  - (2) All of the terms, including the consideration, of the proposed Transfer, the name and address of the proposed transferee, and a copy of all documentation pertaining to the proposed Transfer; and
  - (3) The current audited financial statements of the proposed transferee or any other financial statements that would enable Landlord to determine the financial responsibility, character, and reputation of the proposed transferee.
- B. Tenant shall provide any additional information Landlord reasonably requests in connection with the proposed Transfer.

10.4 Effect of Consent.

- A. If Landlord consents to any Transfer, that consent is not effective until and unless:
- (1) Landlord receives a copy of the assignment effecting the Transfer, in a form approved by Landlord in its sole discretion; and
  - (2) The transferee delivers to Landlord a written agreement, in form and substance satisfactory to Landlord in its sole discretion, by which the transferee assumes all of the obligations and liabilities of Tenant under this Master Lease.
- B. Any consent by Landlord to a Transfer does not constitute a waiver by Landlord of any prohibition against any future Transfers.
- C. No Transfer relieves Tenant of any obligations under this Master Lease.

10.5 Transfer Premium.

- A. For the purposes of this provision, "Transfer Premium" means all Rent or other consideration payable by the Transferee in any monthly period that is in excess of the Rent payable by Tenant under this Master Lease in the same monthly period.
- B. Tenant promptly, without notice or demand, shall pay Landlord fifty percent (50%) of any Transfer Premium Tenant receives in connection with a Transfer.
- C. Tenant shall pay Landlord, in a form satisfactory to Landlord, any part of the Transfer Premium Tenant receives in a non-cash form.
- D. In lieu of accepting any payment from Tenant of a Transfer Premium, Landlord may elect, with ninety (90) days' written notice, to increase the Rent due under this Master Lease as to the transferred Leased Premises by an amount equal to Landlord's share of the monthly amount of the Transfer Premium.
- E. Landlord and its authorized representatives have the right to conduct an audit, relating to any Transfer Premium, of Tenant at Tenant's place of business during Tenant's regular work hours and with reasonable notice. If the audit establishes that Tenant underpaid Landlord Landlord's percentage of the Transfer Premium, Tenant, within thirty (30) days following receipt of written demand, will pay the deficiency and Landlord's costs of such audit. If the deficiency is greater than five percent (5%), Landlord may terminate this Master Lease as to the transferred Leased Premises. If the audit establishes that Tenant overpaid Landlord Landlord's percentage of the Transfer Premium, Landlord, within thirty (30) days following receipt of written demand by Tenant, will pay the overage.
- F. This provision does not apply to:
- (1) Any Transfer between Affiliates,

- (2) Payments made by a transferee for Tenant's customer deposits, or
- (3) Tenant's furniture, fixtures, and equipment.

10.6 Transfer of Landlord's Interest.

A. Landlord may transfer all or a part of its interest in the Store, the Common Areas, or the Leased Premises to a parent, subsidiary, or affiliated corporation of Landlord without prior consent or notice to Tenant.

B. If Landlord transfers its interest in this Master Lease as to a Leased Premises and the transferee assumes all of Landlord's future obligations under this Master Lease, Landlord will be released from any further obligations under this Master Lease as to the transferred interest from and after the date of such transfer. Tenant agrees to look solely to Landlord's transferee for performance of obligations thereafter arising under this Master Lease. Landlord will transfer to the transferee any Security given by Tenant according to Section 4.6, and Landlord will be discharged from any further obligation relating to the Security.

10.7 Subordination. Landlord may elect that this Master Lease, as to a particular Leased Premises, be subordinate to or paramount to the lien of any mortgage. Landlord's right to elect is self-operative, and no further instrument will be required. If Landlord requests, Tenant will do one or both of the following:

A. Confirm in writing and in a recordable form that this Master Lease, as to a particular Leased Premises, is subordinate to or paramount to (as Landlord elects) the lien of any mortgage; and

B. Execute an instrument making this Master Lease, as to the particular Leased Premises, subordinate or paramount (as Landlord may elect) to the lien of any mortgage, in a form as may be required by any applicable mortgagee.

10.8 Attornment. Tenant may not disaffirm any of its obligations under this Master Lease if Landlord transfers its interest in the Store or a particular Leased Premises to a successor. Landlord's successor and Tenant will attorn to and be bound by the terms, covenants, and conditions of this Master Lease as to the affected Leased Premises for the balance of the Lease Term.

10.9 Non-Disturbance. Notwithstanding anything in this Article X to the contrary, provided Tenant is not in default under this Master Lease following any applicable notice and cure period, Landlord shall not disturb Tenant's occupancy of the Leased Premises. In addition, Landlord shall use commercially reasonable efforts to obtain nondisturbance agreements from any future mortgagees of Landlord.

10.10 Sublease. Notwithstanding anything in this Lease to the contrary, Tenant may only sublease a Leased Premises to a Sublessee pursuant to a Sublease Agreement and any such sublease shall not be considered a Transfer for purposes of this Lease.

10.10 Sublease. Notwithstanding anything in this Lease to the contrary, Tenant may sublease a Leased Premises to a Sublessee pursuant to a Sublease and any such sublease shall not be considered a Transfer for purposes of this Lease.

#### Article XI Casualty

11.1 Fire or Other Casualty. Tenant shall promptly notify Landlord, in writing, of any damage caused to a Leased Premises by casualty.

11.2 Election to Rebuild.

A. Landlord may elect to repair and restore structural damage to a Leased Premises damaged by casualty and shall notify Tenant of its election in writing within sixty (60) days after Landlord receives notice of the casualty damage.

B. If Landlord does not elect to repair and restore structural damage to a Leased Premises damaged by casualty, this Master Lease as to the applicable Leased Premises will terminate.

C. If Landlord elects to repair the structural damage to a Leased Premises damaged by casualty, Landlord, after notifying Tenant of its election, will diligently undertake the appropriate measures necessary to complete the repairs to the applicable Leased Premises in a commercially reasonable amount of time. Landlord will return the applicable Leased Premises to Tenant in substantially the same condition the applicable Leased Premises was in on the Delivery Date. Tenant will then complete the build-out of the applicable Leased Premises with commercially reasonable diligence and return the applicable Leased Premises to substantially the same condition the applicable Leased Premises was in immediately prior to the casualty.

11.3 Rent Abatement. If Landlord elects to repair the structural damage to a Leased Premises damaged by casualty, Landlord may abate Rent due on the applicable Leased Premises to the extent that the:

A. Applicable Leased Premises is closed for repair, or

B. Tenant's operations within the Leased Premises are impaired by the structural damage and subsequent repairs.

Article XII  
Condemnation & Eminent Domain

- 12.1 Total or Substantial Taking. If a Taking of a Leased Premises, or a Store in which exists a Leased Premises, occurs, this Master Lease as to the applicable Leased Premises will terminate automatically as of the date of the Taking. For purposes of this Master Lease, "Taking" means any government action that deprives, directly interferes with, or substantially disturbs the use and enjoyment of the Leased Premises, any of which may occur because of either the exercise of the power of eminent domain or condemnation or resulting from a purchase in lieu thereof.
- 12.2 Partial Taking. If a Taking of only a portion of the Leased Premises, or of a Store in which exists a Leased Premises, occurs, Landlord may either:
- A. Terminate this Master Lease, without liability, as to the applicable Leased Premises; or
- B. Reduce the Base Rent in proportion to the area of the Leased Premises affected by the Taking until such time that portion of the Store or the Leased Premises is restored.
- 12.3 Temporary Use. If a Taking of the Leased Premises occurs for temporary use, this Master Lease will continue in full force and effect as to the applicable Leased Premises. Tenant will continue to comply with its obligations under this Master Lease, and any appendix, amendment, or attachment hereto, to the extent compliance is possible because of the Taking for temporary use. If, during the temporary Taking, Tenant is unable, based on a commercially reasonable standard, to operate its business from the Leased Premises such that Tenant reasonably is unable to open the Leased Premises for business, Landlord will reduce Tenant's Rent in proportion with the number of days the Leased Premises is closed during the temporary Taking.
- 12.4 Compensation. Except as provided below, any compensation arising out of the Taking of a Leased Premises belongs to and is the property of Landlord without any participation by Tenant. Tenant hereby assigns to Landlord any share of any compensation arising out of the Taking of a Leased Premises that may be awarded to Tenant and waives any rights it may have with respect to the loss of its leasehold estate; provided, however, that Tenant shall have the right to any compensation award relating specifically to the Improvements or Trade Fixtures installed by Tenant.

Article XIII  
Indemnity and Liability

- 13.1 Definitions. For the purposes of this Master Lease:
- A. "Claim" means any action, cause of action, claim, or any other assertion of a legal right; damages including, but not limited to, consequential, future, incidental, liquidated, special, and punitive damages; diminution in value; fines; judgments; liabilities; losses including, but not limited to, economic loss and lost profits; and regulatory actions, sanctions, or settlement payments.

B. "Indemnitee" means:

- (1) Landlord, its subsidiaries, affiliates, officers, directors, employees, agents, and
- (2) Any lessor of Landlord or other party to an agreement with Landlord related to Landlord's purchase or lease or use of the Store or the underlying land, which Landlord has a contractual obligation to indemnify for Claims in connection with the Store or the Leased Premises.

C. "Indemnified Claim" means a Claim for which Tenant is obligated to indemnify, defend, and hold harmless the Indemnitees according to Section 13.2 below.

13.2 Indemnification. Tenant shall indemnify, defend, and hold harmless the Indemnitees against any Claim, even if the Claim is groundless, fraudulent, false, or raised or asserted by a third party, including a government entity, in connection with or resulting from:

A. Any actual or alleged breach of this Master Lease by Tenant or Sublessee, or any agent, employee, or representative of either Tenant or Sublessee;

B. Any actual or alleged negligence or willful misconduct by Tenant or Sublessees, or their respective agents, employees, representatives, subcontractors, or customers, at or related to the Leased Premises;

C. An investigation of the Indemnitees concerning the alleged improper management, handling, storage, disposal, or transportation of Hazardous Substances, any of which Tenant is responsible for under this Master Lease and the actual or alleged improper use, handling, management, storage, transportation, and disposal of Hazardous Substances by Tenant, Sublessee, or any agent, employee, or representative of either Tenant or Sublessee; and

D. Indemnitees' actual or alleged passive negligence, secondary liability, vicarious liability, strict liability, or breach of a statutory or non-delegable duty, related, directly or indirectly, to any matter covered under Section 13.2 of this Master Lease.

13.3 Scope of Indemnity. Tenant's obligations under this Article XIII:

A. Are independent of, and not limited by, any of Tenant's obligations under Article XIV below, even if damages or benefits are payable under worker's compensation or other statutes or if Tenant breaches its obligations under Article XIV below.

B. Survive the termination or expiration of this Master Lease until applicable law fully and finally bars all Claims against Tenant. ALL OBLIGATIONS UNDER THIS ARTICLE XIII WILL BE ENFORCED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW FOR THE BENEFIT OF THE INDEMNITEES. In the event that applicable law affects the validity or enforceability of this Article XIII, that applicable law will operate to amend this Article XIII to the minimum extent necessary to bring the

provisions of this Article XIII into conformity with the applicable law. This Article XIII, as modified, will continue in full force and effect.

C. Applies unless and until a final judicial decision, from which there is no further right to appeal, determined that the Indemnitees are not entitled to be indemnified, defended, and held harmless under this Master Lease.

#### 13.4 Defense of Claim.

A. On receiving notice, from whatever source, of the Indemnified Claim, Tenant shall:

(1) Promptly notify Landlord of the assertion, filing, or service of any Indemnified Claim of which Tenant becomes aware; and

(2) Immediately take all appropriate actions necessary to protect and defend the Indemnitees regarding the Indemnified Claim.

B. Tenant shall cause the counsel selected by the Indemnitees to defend the Indemnitees with respect to the Indemnified Claim at Tenant's sole cost and expense, and to acknowledge receipt of, to accept, and to represent Indemnitees' interest regarding the Indemnified Claim in accordance with "Wal-Mart's Indemnity Counsel Guidelines."

C. If, in its sole discretion, the Indemnitees determine that a conflict of interest exists between the Indemnitees and the indemnifying counsel or that the indemnifying counsel is not pursuing a defense for the Indemnitees that is in the Indemnitees' best interests, the Indemnitees may request Tenant replace the indemnifying counsel.

(1) Tenant shall not unreasonably withhold its consent to replace the indemnifying counsel and will replace the indemnifying counsel timely or cause the indemnifying counsel to be replaced timely.

(2) If Tenant unreasonably withholds consent or the indemnifying counsel is not timely replaced after the Indemnitees requested, the Indemnitees may replace the indemnifying counsel, and Tenant will reimburse the Indemnitees any costs incurred by the Indemnitees in replacing the counsel.

#### 13.5 Waiver. Tenant waives any right, at law or in equity, to indemnity or contribution from the Indemnitees.

#### 13.6 Non-Liability of Landlord and Tenant.

A. Landlord will not be liable to Tenant or Sublessee, or any agent, employee, representative, or customer of Tenant or Sublessee, and Tenant will not be liable to Landlord, for any Claim relating to the negligence or willful misconduct of any of Landlord's customers, invitees, or other lessees or sublessees or any customers or invitees of Landlord's other lessees and sublessees.

B. Except to the extent that any of the following result from Landlord's gross negligence or willful misconduct, Landlord will not be liable to Tenant for any Claim relating to the condition of the Store, the Common Areas, or the Leased Premises in connection with disrepair or defect in any:

- (1) Structural element of the Leased Premises;
- (2) Trade Fixtures, Improvements, wiring, or any of Tenant's installations;
- (3) Backup of drains constructed or installed by Tenant; or
- (4) Gas, water, steam, electricity, grease, or oil, leaking, escaping, or flowing, from any equipment, pipes, drains, wiring, Trade Fixtures, or Improvements installed or maintained by Tenant,

13.7 Breach of Article XIII. Any failure by Tenant to comply with this Article XIII is a material breach of this Master Lease, which does not relieve Tenant of its obligations under this Article XIII.

#### Article XIV Insurance

14.1 Insurance Required. Tenant shall procure and maintain, at Tenant's own expense, the insurance policies described in the attached Appendix-2. All insurance policies required by this Master Lease must be obtained from an insurance company with a rating of A+ or better and a financial Size Category rating of VII or better as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies ("Insurer"), unless self-insured as discussed in Section 14.3 below.

14.2 Requirements.

A. Tenant and its Sublessees bear the responsibility of insuring for fire and all risks, including risk of flood, earthquake, and terrorism, associated with the merchandise, Trade Fixtures, and Improvements related to the operation of the Leased Premises. At no time is Landlord liable for any Damage or Injury to Tenant's business property, Improvements, betterments, or Trade Fixtures or other property of Tenant within any of the Leased Premises due to fire or any other risk covered under a Causes of Loss - Special Form insurance policy or due to flood, earthquake, or terrorism.

B. Tenant shall submit to Landlord a Certificate of Insurance for each insurance policy required under this Article XIV and the attached Appendix-2 naming "Wal-Mart Stores, Inc., Attn: Asset Management, 2001 S.E. 10<sup>th</sup> Street, Bentonville, AR 72716-0550" as the Certificate Holder. Additionally, each Certificate of Insurance must:

- (1) Be submitted to Landlord at the address provided in the preceding sentence;
- (2) Show the name and address of the Insurer;



- (3) Show the policy number and date(s) of coverage for each policy procured by Tenant in satisfaction of its obligations under this Master Lease;
- (4) Include the name, address, telephone number, and signature of the authorized person providing the Certificate of Insurance;
- (5) Verify the insurance coverage required in this Article XIV and Appendix-2;
- (6) Where permitted by law, list as Additional Insureds Wal-Mart Stores, Inc., its Subsidiaries and its Affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party that Landlord has a contractual obligation to indemnify in relation to Tenant's use of the applicable Leased Premises;
- (7) Verify that Insurer waives subrogation in favor of Landlord and Landlord's affiliates and subsidiaries;
- (8) Verify the insurance policies are primary, non-contributory, and not in excess of any insurance the Additional Insured has available to it; and
- (9) Where permitted by law, provide coverage for punitive damages.

#### 14.3 Self-Insured.

A. Landlord may accept self-insurance in lieu of the insurance policies set forth in this Article XIV and the attached Appendix-2 if Tenant provides to Landlord:

- (1) A copy of the Certificate of Authority to Self-Insure its Worker's Compensation obligations issued by the state(s) in which the Leased Premises will be located and a copy of the state-issued letter approving self-insurance for automobile liability, if required under this Master Lease;
- (2) Proof that Tenant's net worth is at least ten (10) times the amount of Commercial General Liability insurance required by this Master Lease; and
- (3) A copy of Tenant's most recently audited annual financial statements, with no negative notes, or the most recent Dun & Bradstreet report.

B. If Landlord accepts self-insurance in lieu of the insurance policies set forth in this Article XIV and the attached Appendix-2, Tenant hereby agrees to the obligations of any endorsement or Certificate of Insurance required under Section 14.2 above and that may be required under any appendix, amendment, or attachment hereto. Such obligations become Tenant's obligations under this Master Lease.

#### 14.4 Mutual Waiver of Subrogation. Landlord and Tenant each hereby release the other from all liability or responsibility to the other or to any other party claiming through or under them by way of subrogation or otherwise or for any loss or damage to property caused by

casualty that is customarily insured under a Causes of Loss – Special Form insurance policy or that is due to flood, earthquake, or terrorism. This mutual waiver applies only to Damage or Injury to Tenant's business property, Improvements, betterments, or Trade Fixtures within any of the Leased Premises occurring during the time when Tenant's business property, Improvements, betterments, or Trade Fixtures within any of the Leased Premises are covered under a Causes of Loss – Special Form insurance policy or are due to flood, earthquake, or terrorism for which Tenant has insurance coverage.

- 14.5 Breach. Failure to procure and maintain the insurance required under this Article XIV and the attached Appendix-2 constitutes a material breach of this Master Lease. Tenant shall indemnify, defend, and hold harmless the Indemnitee against Indemnified Claim that the required insurance would have covered but for Tenant's breach.
- 14.6 Insurance Obligation is in Addition to Other Obligations. Tenant's obligations under this Article XIV and the attached Appendix-2 are in addition to, not in lieu of, Tenant's other obligations, including Tenant's obligations under Article XIII, to Landlord under this Master Lease.

#### Article XV Confidentiality

- 15.1 The terms and provisions of this Master Lease affect present and future negotiations Landlord or Tenant may have with another party. As such, Landlord and Tenant, and the agents, employees, representatives, and Sublessee of each, shall each keep the same confidential, disclosing only such information as is required by law or by mutual, written agreement between Landlord and Tenant.
- 15.2 Neither Landlord nor Tenant shall disclose any information that the other may mark as confidential or proprietary including, but not limited to, lists of available rental space and marketing plans, schedules, sales figures, sales projections, financial statements or other financial information that Landlord or Tenant may make available or known to the other party, disclosing only such information as is required by law or by mutual, written agreement between Landlord and Tenant.
- 15.3 Failure to comply with this Article XV is a material breach of this Master Lease.

#### Article XVI Covenant of Quiet Enjoyment

- 16.1 Landlord covenants that Tenant peaceably and quietly may enjoy the Leased Premises in accordance with, and subject to, the terms of this Master Lease and without any interruption or disturbance from Landlord, provided Tenant:
- A. Pays Rent and all other charges provided for in this Master Lease and any appendix, amendment, or attachment hereto,
- B. Performs all of its obligations provided for under this Master Lease, and

- C. Observes all of the other provisions of this Master Lease.

#### Article XVII

#### Default, Termination, Surrender, Tenant's Liability, Right of Reentry Tenant's Waivers, Landlord's Right to Perform, Cumulative Rights

17.1 Default. Each of the following events constitutes a Default of this Master Lease:

A. Tenant files for Insolvency or is adjudicated Insolvent. For the purposes of this Master Lease, "Insolvency" means any petition filed by Tenant in bankruptcy, for reorganization or arrangement, or for appointment of a receiver or trustee; Tenant acquiescing to a petition for bankruptcy, reorganization, arrangement, or the appointment of a receiver or trustee by a creditor; or any assignment by Tenant for the benefit of a creditor.

B. A petition for Insolvency is filed against Tenant, to which Tenant does not acquiesce, and that, within sixty (60) days following the filing, is not dismissed, discontinued, or vacated.

C. Tenant's interest in this Master Lease, in its entirety or as to a particular Leased Premises is assigned by operation of law, except to the extent permitted under Article X hereof.

D. Tenant fails to pay any installment of Rent or any other charge to which Tenant is obligated by this Master Lease to pay when due and payable, and the failure to pay continues for more than ten (10) days after the date due and such failure occurs more than two (2) times in a twelve (12) month period.

E. Tenant breaches any material obligation or covenant under this Master Lease.

F. Tenant breaches any non-material obligation or covenant under this Master Lease more than two (2) times in any twelve (12) month period, and each breach remains uncured thirty (30) days after Tenant receives written or verbal notice of the breach from Landlord.

G. After the Rent Commencement Date, Tenant fails to open the applicable Leased Premises according to the Hours of Operation designated in Appendix-1 more than two (2) times in any twelve (12) month period without Landlord's prior, written approval or as otherwise allowed under this Master Lease.

17.2 Termination for Default. Landlord may terminate this Master Lease, in its entirety or as to a particular Leased Premises, without any liability, if Tenant Defaults, as defined in Section 17.1 above, or elsewhere in this Master Lease, upon ten (10) days prior written notice to Tenant. However, Landlord may wait to terminate this Master Lease, in its entirety or as to a particular Leased Premises, until after it re-lets the Leased Premises in accordance with this Article, and in such event Tenant shall pay Landlord all sums due Landlord under this Master Lease up through the date of such termination.

17.3 Surrender at Termination or Expiration. Upon the expiration or earlier termination of this Master Lease as to the applicable Leased Premises, for whatever reason, Tenant shall immediately remove all property, Trade Fixtures, and Improvements from the Leased Premises, surrender and quit the Leased Premises and either:

A. Return the Leased Premises to the reasonably same condition in which Tenant received the Leased Premises on the Delivery Date, subject to normal wear and tear, or

B. In lieu of returning the Leased Premises to the condition described above, pay Landlord eight thousand dollars (\$8,000).

17.4 Landlord's Right of Reentry. If Tenant fails to surrender the applicable Leased Premises in accordance with this Article, Landlord, its agents, employees, or representatives, without prejudice to any right or remedy available to Landlord under this Master Lease, at law, or in equity and subject to applicable law, may:

A. Re-enter and repossess the applicable Leased Premises and do one or more of the following:

(1) Dispose of any property, Trade Fixtures, or Improvements remaining therein.

(2) Re-let the Leased Premises, and if Landlord re-lets the Leased Premises for Rent and other charges equal to or greater than the Rent and other charges for which Tenant remains liable, Tenant will be released from further liability under this Master Lease.

(3) Use all or a portion of the Leased Premises, in which case the fair market value of the applicable Leased Premises, or the portion of that Leased Premises used, will be used in calculating Tenant's liability described in Section 17.5 below. If the fair market value equals or is greater than the Rent and other charges for which Tenant remains liable, Tenant will be released from further liability under this Master Lease.

(4) Demand full and final settlement, whereupon Tenant shall pay Landlord the present value of the total of all future Rent that would come due under this Master Lease but for the termination of this Master Lease, plus other charges that may apply under this Master Lease, less the fair market value of the particular Leased Premises. Present value will be calculated at eight percent (8%).

B. Continue this Master Lease in full force and continue to look to Tenant to perform all Tenant's obligations under this Master Lease, but Landlord may pursue Tenant for damages incurred or equitable relief or both.

17.5 Survival of Tenant's Liability. Upon termination of this Master Lease, in its entirety or as to a particular Leased Premises and without prejudice to any right or remedy available to Landlord under this Master Lease, at law, or in equity and subject to applicable law, Tenant shall remain liable for:

- A. Unpaid Rent and other charges;
  - B. Damages for its failure to perform other obligations;
  - C. Expenses Landlord incurs in the course of evicting Tenant and re-entering the Leased Premises, including reasonable attorneys fees and court costs; and
  - D. Unless Tenant surrenders the Leased Premises in accordance with this Article, any cost incurred by Landlord in returning the Leased Premises to the same condition in which Tenant received the Leased Premises on the Delivery Date, less any revenue received by Landlord by re-letting the Leased Premises, less any claim Landlord successfully makes against the Security required pursuant to Section 4.6.
- 17.6 Tenant's Waivers. Landlord and Tenant waive any right to trial by jury on all issues in all litigation between Landlord and Tenant arising from or relating to this Master Lease, and Tenant, additionally, waives any:
- A. Right to withhold or reduce Tenant's required payments of Rent and other charges for which Tenant is obligated under this Master Lease;
  - B. Statutory requirements of prior, written notice before filing for eviction or for any damages suit for non-payment of Rent;
  - C. Claim for damages against Landlord resulting from Landlord's re-entry, except for damages arising from Landlord's gross negligence or willful misconduct;
  - D. **Rights to bring any counterclaim, proceeding, or other cause of action in relation to dispossession, other than compulsory counterclaims; and**
  - E. To the extent legally permissible, for itself and all persons claiming by, through, or under it, any right of redemption or for the restoration of the operation of this Master Lease under any present or future law in case Tenant is dispossessed for any cause or in case Landlord obtains possession of the Leased Premises as herein provided.
- 17.7 Landlord's Right to Perform for Account of Tenant.
- A. If Tenant Defaults under this Master Lease, Landlord may cure the Default at any time for the account of and at the expense of Tenant, and Tenant will reimburse Landlord for any amount, including reasonable attorneys fees and interest, expended in connection therewith.
  - B. If either party seeks enforcement of this Master Lease by litigation and prevails, the non-prevailing party will reimburse the prevailing party for its reasonable attorneys' fees and disbursements reasonably incurred in connection with the litigation.
  - C. In addition to all other obligations under this Master Lease, Tenant shall pay interest to Landlord, at the maximum lawful rate, on the amount specified in

Sections 17.7A and 17.7B, from the date Landlord incurs the expense until the day reimbursed.

17.8 Cumulative Rights.

A. Landlord's and Tenant's rights and remedies set forth in this Master Lease are cumulative and in addition to any other right and remedy now and hereafter available to Landlord or Tenant by this Master Lease, at law or in equity. Either party may exercise its rights and remedies at any time, in any order, to any extent, and as often as such party deems advisable.

B. A single or partial exercise of a right or remedy will not preclude a further exercise of that or another right or remedy.

C. No action, inaction, delay, or omission by either party in exercising a right or remedy exhausts or impairs the same or constitutes a waiver of, or acquiescence to, a breach of this Master Lease or Default.

D. If either party waives a breach of this Master Lease or a Default, that waiver does not extend to or affect any other breach of this Master Lease or any other Default, nor will it impair any right or remedy with respect thereto.

E. Acceptance by Landlord of Rent after Landlord notifies Tenant of termination does not waive Landlord's right to terminate or pursue any other right and remedy available to Landlord under this Master Lease, at law, or in equity.

17.9 Landlord's Default.

A. Landlord's failure to perform any of its obligations under this Master Lease may constitute a default of this Master Lease, in its entirety or as to the particular Leased Premises affected by Landlord's failure to perform, if Tenant notifies Landlord, in writing, of Landlord's failure to perform, and Landlord fails to cure the failure to perform within at least thirty (30) days after Landlord receives Tenant's notice, or such longer period of time as may reasonably be necessary to cure the type of alleged breach under the circumstances, provided that Landlord commences to cure within the initial thirty (30) day period and thereafter diligently pursues completion of such cure. Notice required under this Section must include a description of the particular facts and circumstances alleged giving rise to the alleged breach and the date of commencement of the alleged breach.

B. If Landlord defaults on this Master Lease, Tenant, in addition to any other rights or remedies to which it is entitled at law or in equity, may:

- (1) Treat this Master Lease as still in full force and effect continuing to look to Landlord to perform its obligations under this Master Lease but seek damages or equitable relief, or both; or

(2) Terminate this Master Lease, in its entirety or as to the applicable Leased Premises, with thirty (30) days' written notice stating the date on which Tenant will vacate the Leased Premises. If Tenant fails to timely vacate the Leased Premises, Tenant's notice of termination will be deemed to be void; the Master Lease, in its entirety or as to the applicable Leased Premises, will continue in full force and effect and Landlord will be deemed to have cured any alleged breach.

C. Regardless of which remedy Tenant pursues, LANDLORD'S LIABILITY FOR DEFAULT UNDER THIS MASTER LEASE, AT LAW OR IN EQUITY, WILL NOT EXCEED AN AMOUNT EQUAL TO ONE (1) YEAR'S RENT PAID BY TENANT FOR THE LOCATION IN WHICH LANDLORD WAS FOUND IN DEFAULT.

- 17.10 Force Majeure. If a force majeure occurs, the time that the force majeure delays performance by either Landlord or Tenant will be excluded from the computation of time within which Landlord, Tenant, or both, must perform under this Master Lease. For purposes of this Master Lease, a force majeure is a strike, riot, act of God, shortage of material, war, governmental law, regulation, or restriction, or any other cause of any kind that is beyond the reasonable control of the party owing performance.

#### Article XVIII Holding Over & Estoppel Certificates

- 18.1 Holding Over. If Tenant remains in possession of the Leased Premises after the expiration of the Lease Term without a new Attachment A or Master Lease executed by both Landlord and Tenant, Tenant will be a "Holdover Tenant." As a Holdover Tenant, Tenant will occupy the Leased Premises on a month-to-month basis with a monthly rental rate equal to the Rent and other charges applicable at the time of the expiration of the Master Lease plus 50% of the sum of such amounts. Further, Tenant will be subject to all conditions, provisions, and obligations of this Master Lease as far as the same are applicable to a month-to-month tenancy.
- 18.2 Estoppel Certificates. Tenant, within ten (10) days of Landlord's request, shall deliver to Landlord an executed, written statement addressed to the party designated in Landlord's request and identifying Tenant and this Master Lease and certifying and confirming, in addition to any information or confirmation Landlord may reasonably require, the following:
- A. That this Master Lease is either unmodified since its execution and in full force and effect, or modified since its execution but still in full force and effect as modified;
  - B. That Landlord either is not in default of any of its obligations under this Master Lease or is in default, specifying the default;
  - C. Tenant's obligations and restrictions concerning subordination and attornment; and
  - D. The Lease Term, Rent Commencement Date, and Expiration Date as to the Leased Premises for which the estoppel certificate applies.

- 18.3 Agent-in-Fact. Tenant's failure to provide an estoppel certificate materially complying with Section 18.2 above is a material breach of this Master Lease through which, in addition to any other right or remedy Landlord may have under this Master Lease, at law, or in equity, all matters set forth in the estoppel certificate sent to Tenant for execution shall be deemed true and correct and may be relied upon by Landlord and the parties to whom the estoppel certificate is addressed.

Article XIX  
Interpretation, Notices, & Miscellaneous

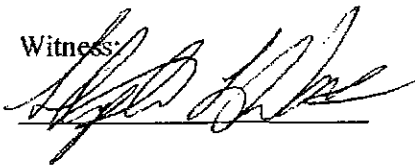
- 19.1 Severability. If a court of proper jurisdiction determines that any provision of this Master Lease, or any application of the provision, is invalid or unenforceable, the remainder of this Master Lease, or the applications of the provision that are not invalid or unenforceable, will remain in full force and effect to the fullest extent permitted by law.
- 19.2 Captions. The captions and headings used throughout this Master Lease are for convenience of reference only and do not affect the interpretation of this Master Lease.
- 19.3 Merger. This Master Lease, together with any Attachment A, exhibit, addendum, amendment, or any other document attached to and incorporated into this Master Lease, constitutes the entire agreement between Landlord and Tenant, a complete allocation of risks between them, and a complete and exclusive statement of the terms and conditions of this Master Lease. This Master Lease is merged into by and supersedes all prior written or oral agreements, leases, licenses, negotiations, dealings, and understandings, unless specifically provided otherwise in Appendix-1. Except for changes to the Delivery Window and Delivery Date designated in the applicable Attachment A, no amendment or other modification of this Master Lease will be valid or binding on either Landlord or Tenant unless it is reduced to writing and signed by both Landlord and Tenant.
- 19.4 Survival. The following provisions of this Master Lease survive the termination, for whatever reason, of this Master Lease: Article XIII, Article XIV, Article XV, Article XVII, Section 2.4, Section 18.1, and Appendix-2.
- 19.5 Third Party Beneficiaries. Nothing in this Master Lease confers, or intends to confer, any rights upon any person or entity not a party to this Master Lease, except for the Indemnitees identified in Section 13.1B above.
- 19.6 Benefit & Binding Effect. The terms, provisions, and covenants contained in this Master Lease apply to, inure to the benefit of, and are binding on Landlord and Tenant and their respective heirs, successors, and assignees.
- 19.7 Fiduciary Relationship. This Master Lease does not create a fiduciary relationship between Landlord and Tenant. Any expenditures, investments, or commitments either party makes in reliance on any present or future business or lease with the other party is done at such party's own risk and without any obligation whatsoever from the other party.



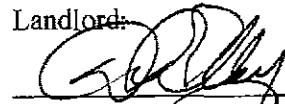
- 19.8 No Obligation. Landlord has no obligation to offer, nor does the course of performance under this Master Lease create any obligation on Landlord to offer, any number of locations for lease to Tenant. Any locations offered for lease to Tenant in accordance with this Master Lease are in the sole and absolute discretion of Landlord. Landlord, in its sole discretion and at any time, may cease offering locations to Tenant, and this Master Lease will continue in full force and effect solely with regard to those Leased Premises for which both Landlord and Tenant have signed an Attachment A. Landlord may lease locations that Landlord might otherwise offer to Tenant under this Master Lease to any party that Landlord chooses including, without limitation, Tenant's competitors. Tenant recognizes and agrees that this Master Lease creates no exclusive rights in Tenant's favor.
- 19.9 Independent Contractors. Nothing contained in this Master Lease creates a partnership, joint venture, principal/agent relationship, or any other relationship other than that of landlord/tenant between Landlord and Tenant.
- 19.10 Notice. Any notice required by this Master Lease must be in writing and delivered either by hand; by commercial courier; or by placing notice in the U.S. mail, certified mail, return receipt requested, properly addressed and with sufficient postage.
- A. Notice is deemed received on:
- (1) Delivery if by hand;
  - (2) One (1) business day (Monday through Friday) after deposit with the commercial courier, provided deposit is done timely so as to effect next business day delivery, if by commercial courier; or
  - (3) Three (3) business days after placing the notice in the U.S. mail, properly addressed and with sufficient postage for certified mail, return receipt requested.
- B. Notice intended for Tenant must be sent to the address provided in Appendix-1.
- C. Notice intended for Landlord must be sent to: Wal-Mart Stores, Inc., Asset Management, 2001 SE 10<sup>th</sup> Street, Bentonville, AR 72716-0550, with a copy to: Wal-Mart Stores, Inc., Wal-Mart Stores Division – Legal, Office of the General Counsel, 702 SW 8<sup>th</sup> Street, Bentonville, AR 72716-0185.
- 19.11 Governing Law. This Master Lease, and any property or tort disputes between Landlord and Tenant, will be construed and enforced in accordance with the laws of the State of Arkansas, without regard to the internal law of Arkansas regarding conflicts of law. Neither Landlord nor Tenant may raise in connection therewith, and hereby waive, any defenses based on venue, inconvenience of forum, or lack of personal jurisdiction, in any action or suit brought in accordance with the foregoing.
- 19.12 Jurisdiction and Venue. For any suit, action, or legal proceeding, arising from this Master Lease or from any property or tort dispute between Landlord and Tenant, Landlord and Tenant consent and submit to the exclusive jurisdiction and venue of the

Signed:

Witness:

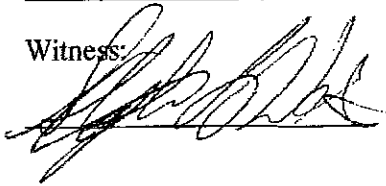


Landlord:

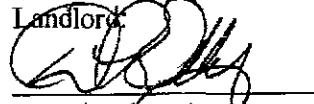
  
Don R. Etheredge  
Wal-Mart Stores, Inc.

4/29/09  
Date

Witness:

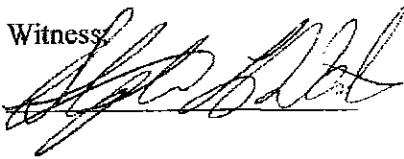


Landlord:

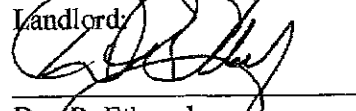
  
Don R. Etheredge  
Wal-Mart Stores East, LP

4/29/09  
Date

Witness:

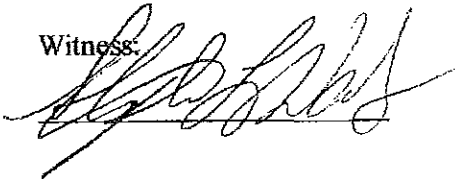


Landlord:

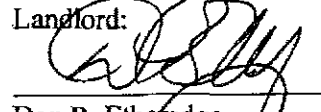
  
Don R. Etheredge  
Wal-Mart Stores Texas, LLC

4/29/09  
Date

Witness:



Landlord:

  
Don R. Etheredge  
Wal-Mart Louisiana, LLC

4/29/09  
Date

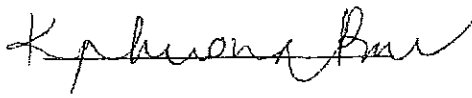
Landlord:

  
Don R. Etheredge  
Wal-Mart Stores Arkansas, LLC.

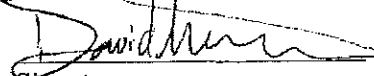
4/29/09  
Date

Signed:

Witness:

  
Grace Li Wite

Tenant: Da-Vi Nail International, LLC.

  
Signature

4/21/09  
Date

DAVID TRUONG  
Printed Name :David Truong

MANAGER/CEO  
Title: Manager/ Chief Executive Officer

## Appendix-1

### Basic Lease Terms

The following terms and conditions supplement the terms and conditions set forth in the body of the Master Lease, to which this Appendix-1 attaches to and into which this Appendix-1 incorporates. All capitalized terms used in this Appendix-1 have the meanings set forth in the Master Lease unless otherwise specifically stated in this Appendix-1.

#### 1. Permitted Use of Leased Premises.

a. During the Lease Term of the applicable Leased Premises, Tenant shall use the applicable Leased Premises for the purpose of operating a full service nail salon offering manicures, pedicures and the sale of professional nail care products (the "Permitted Use"). Tenant shall operate in a diligent and businesslike manner in conformity with Tenant's standards and policies. During the Lease Term of the applicable Leased Premises, Tenant shall be permitted to perform Waxing Services for areas above the neck and on the arms. Body waxing services and shall not be permitted and Tenant shall not offer or provide any additional services or products in the Leased Premises, or change the use of the Leased Premises unless previously approved by Landlord, in its sole discretion.

b. Commencing on the actual Rent Commencement Date and continuing until expiration or termination of the Master Lease in its entirety or as to the applicable Leased Premises and provided that Tenant is not in Default (as defined in the Master Lease) as to the applicable Leased Premises, Landlord may not lease to a tenant, other than Tenant, space located inside of the applicable Store for the Permitted Use. Tenant's rights under this paragraph 1.b. shall be null and void, and Tenant will lose all rights herein, if Tenant ceases to use the applicable Leased Premises for the Permitted Use, if Tenant Defaults as to the applicable Leased Premises, or if Tenant Transfers the Master Lease, either in its entirety or as to an applicable Leased Premises, or its rights or interests in the Master Lease or sublets all or any portion of any Leased Premises, other than as permitted under the Master Lease. Notwithstanding anything herein to the contrary, the following actions shall not constitute a breach by Landlord of this paragraph 1.c:

(1) Sales by Landlord, any of Landlord's affiliates, subsidiaries, officers, directors, employees, agents, and sales by any other tenant in the Store whose leases pre-date the Master Lease;

(2) ; and

(3) .

d. If Landlord breaches paragraph 1.c. of this Appendix-1, this paragraph 1.d. shall govern Tenant's sole remedy at law or in equity, and in no event will Landlord be liable to Tenant for any damages even if actual, compensatory, or consequential.

(1) Tenant, within thirty (30) days following Tenant's receipt of any facts giving rise to the alleged breach, shall notify Landlord, in writing, of the alleged breach describing with particularity the facts and circumstances giving rise to the alleged breach and the date of commencement of the alleged breach.

(2) If Landlord fails to cure the alleged breach within at least ninety (90) days following Landlord's receipt of notice, Tenant may terminate the Master Lease as to the applicable Leased Premises with at least sixty (60) days written notice, stating the date on which Tenant will vacate the Leased Premises, to Landlord. If Tenant fails to timely vacate the applicable Leased Premises, Tenant's notice of termination will be deemed void; the Master Lease as to the applicable Leased Premises will continue in full force and effect, and Landlord will be deemed to have cured any alleged breach of paragraph

Tenant: DS

1.c. of this Appendix-1. Tenant waives any right it may have available to it at law or in equity for any Claim (as defined in the Master Lease) resulting from Landlord's alleged breach of paragraph 1.c. of this Appendix-1.

2. Leased Premises Specifications.

a. Tenant may submit change orders up to one hundred eighty (180) days prior to the applicable Delivery Date.

(1) Landlord will use reasonable efforts to comply with change orders received by Landlord more than one hundred eighty (180) days prior to the applicable Delivery Date. Landlord, in its sole discretion, may comply with any change orders Landlord receives from Tenant one hundred eighty (180) days or less in advance of the applicable Delivery Date.

(2) Tenant, upon execution of the applicable Attachment A, will identify to Landlord the name, title, and contact information of the individual Tenant authorizes to effect change orders for the applicable Leased Premises. Tenant may not modify this designation without written notice to Landlord at least ten (10) days prior to the date on which Tenant desires the change to be effective.

(3) Tenant shall pay any cost and expense resulting from Tenant's change order(s) including, but not limited to, construction costs, architectural fees, engineering fees, and legal fees.

3. Hours of Operation. Tenant shall operate the Leased Premises:

a. Monday through Friday: \_\_\_\_\_ a.m. to \_\_\_\_\_ p.m.;

b. Saturday: \_\_\_\_\_ a.m. to \_\_\_\_\_ p.m.;

c. Sunday: \_\_\_\_\_ a.m. to \_\_\_\_\_ p.m.; and

d. Such additional hours during holiday season or special promotions as Landlord may determine on reasonable prior notice.

4. Trade Name(s): Da-Vi Nails

5. Address of Tenant. All notices required to be sent to Tenant under this Master Lease must be sent to:

Name of Tenant:	Da-Vi Nails
Attention:	David Truong
Title:	General Manager
Address:	1559 W. 3860 S. West Valley City, UT 84119
Telephone Number:	801-596-1180
Facsimile Number:	801-596-3033
Email Address:	Davidt801@aol.com
With Copy To:	vi.cao@davinails.com

6. Advisements. Notwithstanding anything in the Master Lease to the contrary, Landlord shall not be liable to Tenant for any loss of business or loss of inventory resulting from any interruption whatsoever to the public utilities Landlord provides to the applicable Leased Premises pursuant to the Master Lease, provided such interruption was beyond Landlord's control.

7. Representations and Warranties. Tenant represents and warrants that the foundation of its business is the adherence by Tenant, and any franchisee, agent, employee, or Sublessee of Tenant, to standards and policies established by Tenant to provide uniformed operation of its business. Tenant covenants that the Leased Premises leased by Tenant in accordance with the Master Lease will diligently be operated in a businesslike manner in conformity with the standards and policies referenced in the preceding sentence.

8. Tenant's Disclosures and Reports.

a. Tenant shall provide Landlord, on a monthly basis submitted with Tenant's Rent, a list of the Leased Premises identified by Landlord's Store number, physical address, and (if Tenant leases more than one Leased Premises in a single Store) the specific floor location; the date on which opened each Leased Premises listed; whether the Leased Premises is operated by Tenant or by a Sublessee and, if operated by a Sublessee, the name, local and regional business address and phone number of that Sublessee; the phone number to each Leased Premises listed; and, if different from the Hours of Operation required in paragraph 3 of this Appendix-1, the Hours of Operation for each Leased Premises listed.

b. If Tenant is obligated to pay Landlord Percentage Rent, as designated in each applicable Attachment A to the Master Lease, Tenant will daily submit to Landlord's Cash Office, in each Store in which Tenant operates out of a Leased Premises, daily sales data for the applicable Leased Premises. By the fifth (5<sup>th</sup>) calendar day of the following month, Tenant shall submit to Landlord a spreadsheet listing sales from the preceding month for each Leased Premises leased under the Master Lease. Sales must be listed according to the applicable Leased Premises and broken down by daily sales (if possible). If Tenant cannot provide a break down of daily sales as required in the preceding sentence, Tenant will provide a break down of weekly sales, and if Tenant is unable to provide a breakdown of daily sales and weekly sales, Tenant will provide a break down of monthly sales. Upon receipt of this spreadsheet, Landlord will compile the daily sales data Tenant submitted over the course of that month and will calculate the aggregate Percentage Rent due from Tenant for all Leased Premises leased under the Master Lease.

c. If Tenant is obligated to pay Landlord Percentage Rent, as designated in each applicable Attachment A to the Master Lease, Tenant shall maintain, at its corporate headquarters or principal place of business and for at least twenty-four (24) months following the end of Landlord's fiscal year, full and accurate books of account and records from which Gross Sales (as defined in the applicable Attachment A) can be determined. Until the end of the twenty-four (24) month period in which Tenant is obligated to maintain its books of account and records, Landlord has the right to inspect and audit all books and records and other papers and files of Tenant or its Sublessees relating to Gross Sales. Any such inspection or audit will be conducted during Tenant's regular business hours, and, at the request of Landlord, Tenant and each Sublessee will produce the appropriate books and records and other papers and files relating to Gross Sales.

(1) If any audit conducted in accordance with this paragraph 8.c. finds evidence of under-reporting of Gross Sales by an amount equal to or greater than three and one-half percent (3.5%) of the total amount of Gross Sales reported, Tenant shall immediately pay to Landlord the amount under-reported, and Tenant shall bear all costs and expenses of the audit.

Tenant: DT

(2) Additionally, Tenant shall pay Landlord as Percentage Rent an amount equal to fourteen percent (14%) of the total amount of Gross Sales under-reported.

(3) If any audit conducted in accordance with this paragraph 8.c. finds evidence of over-reporting of Gross Sales by an amount equal to or greater than three and one-half percent (3.5%) of the total amount of Gross Sales reported, Landlord shall immediately reimburse to Tenant the amount over-reported, but Tenant shall bear all costs and expenses of the audit.

9. Miscellaneous.

a. Tenant shall strictly comply with local, state, and national codes and current N.F.P.A. requirements, as periodically updated. Installation of fire extinguishers must be in accordance with applicable codes and requirements and must meet Landlord's insurance underwriter's requirements.

b. This Appendix-1 is attached to and incorporated into the Master Lease as part of the entire agreement between Landlord and Tenant, as set forth in the Master Lease. In the event of conflict between the Master Lease, any other document addressing the subject matters set forth in this Appendix-1 and/or this Appendix-1, the terms of this Appendix-1 control.

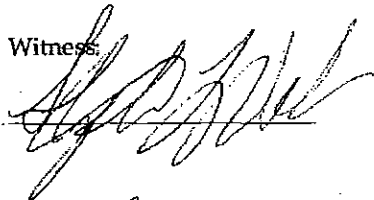
c. This Appendix-1 may be executed in one or more counterparts, all of which are one and the same and all of which become effective on the Effective Date. A facsimile or digital signature of any party is binding upon that party as if it were an original signature.

*[signature page to follow]*

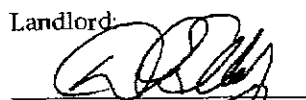
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Signed:

Witness:

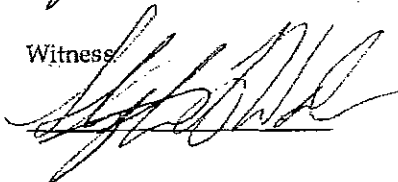


Landlord:


  
Don R. Etheredge  
Wal-Mart Stores, Inc.

4/29/09  
Date

Witness:

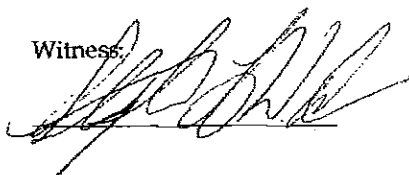


Landlord:

  
Don R. Etheredge  
Wal-Mart Stores East, LP

4/29/09  
Date

Witness:

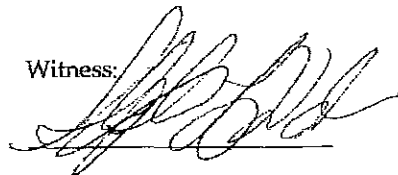


Landlord:


  
Don R. Etheredge  
Wal-Mart Stores Texas, LLC

4/29/09  
Date

Witness:

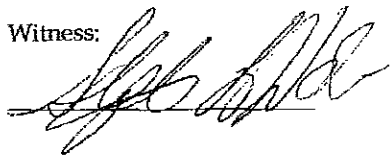


Landlord:


  
Don R. Etheredge  
Wal-Mart Louisiana, LLC

4/29/09  
Date

Witness:



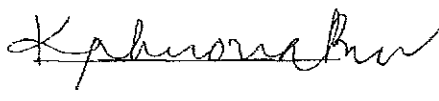
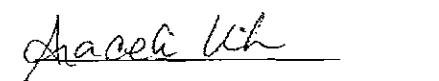
Landlord:

  
Don R. Etheredge  
Wal-Mart Stores Arkansas, LLC

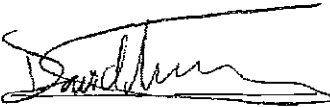
4/29/09  
Date

Signed:

Witness:

Tenants: Da-Vi Nails International, LLC.

  
Signature

4/29/09  
Date

DAVID TRUONG  
Printed Name: David Truong

MANAGER / CEO  
Title: Manager/ Chief Executive Officer

## Appendix-2 - Insurance

The following terms and conditions supplement the terms and conditions set forth in the body of the Master Lease Agreement, to which this Appendix-2 attaches and into which this Appendix-2 incorporates.

Tenant shall procure and maintain, in accordance with the Master Lease, the "primary" insurance policies described below in accordance with the below conditions.

1. Worker's Compensation insurance with statutory limits, or if no statutory limits exist, with minimum limits of \$500,000 per occurrence, and Employer's Liability coverage with minimum limits of \$500,000, for each employee for bodily injury by accident and for each employee for bodily injury by disease. Tenant shall cause Insurer to issue an endorsement providing stopgap insurance in monopolistic states in which a Leased Premises under this Master Lease may be located.
2. Commercial General Liability insurance with a \$2,000,000 minimum limit per occurrence for each Leased Premises leased under the Master Lease or with per location aggregate limits for each Leased Premises leased under the Master Lease.
  - a. The Commercial General Liability policy required under this Paragraph 2 should contain neither exclusion for contractual liability assumed by Tenant in a lease nor any Absolute Pollution exclusion, unless these coverages are provided by a separate policy with minimum limits equal to the Commercial General Liability policy limits required by this Paragraph 2.
  - b. Any policy obtained to satisfy the obligations of this Paragraph 2 must list as Additional Insureds the parties described below in Paragraph 4.
  - c. Tenant shall submit to Landlord no later than thirty (30) days after the actual Rent Commencement Date, Certificates of Insurance and endorsements evidencing Tenant's compliance with this Paragraph 2.
3. Tenant may satisfy the minimum limits required in Paragraphs 1 and 2, above, by procuring and maintaining, in accordance with Article XIV of the Master Lease, Umbrella/Excess Liability insurance on an umbrella basis, in excess over, and no less broad than the primary liability coverage; with the same inception and expiration dates as the primary liability coverage it is in excess of; with minimum limits necessary to satisfy the required primary minimum limits; and which "drop down" for any exhausted aggregate limits of the primary liability coverage. Tenant shall cause Insurer to issue an endorsement to any policy Tenant procures in satisfaction of its obligations in this paragraph providing per location per occurrence limits or with per location aggregate limits for each Leased Premises leased under this Master Lease and listing as Additional Insured the parties described below in Paragraph 4.
4. Additional Insureds are Wal-Mart Stores, Inc., its Subsidiaries and its Affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party Landlord has a contractual obligation to indemnify for Claims in connection with the Store or the Leased Premises.
5. This Appendix-2 is attached to and incorporated into the Master Lease as part of the entire agreement between Landlord and Tenant, as set forth in the Master Lease. All capitalized terms used in this Appendix-2 have the meanings set forth in the Master Lease unless otherwise specifically stated in this Appendix-2. In the event of a conflict between the Master Lease and

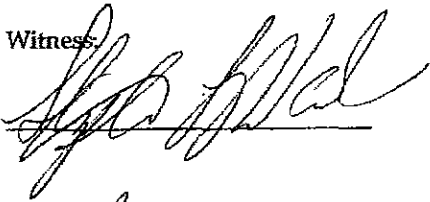


Tenant: DI

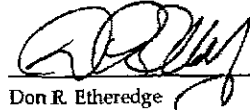
any other document on the subject matters set forth in this Appendix-2 and this Appendix-2, the terms of this Appendix-2 control.

Signed:

Witness:




Landlord:




Don R. Etheredge  
Wal-Mart Stores, Inc.

4/29/09  
Date

Witness:



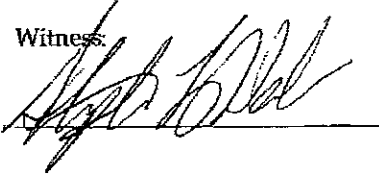
Landlord:



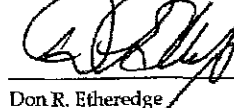
Don R. Etheredge  
Wal-Mart Stores East, LP

4/29/09  
Date

Witness:



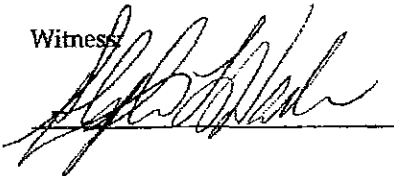
Landlord:



Don R. Etheredge  
Wal-Mart Stores Texas, LP

4/29/09  
Date

Witness:



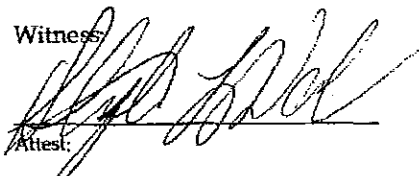
Landlord:




Don R. Etheredge  
Wal-Mart Louisiana, LLC

4/29/09  
Date

Witness:



Landlord:

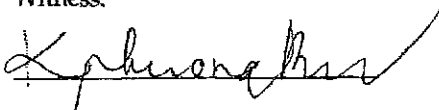


Don R. Etheredge  
Wal-Mart Stores Arkansas, LLC

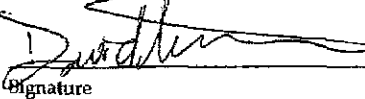
4/29/09  
Date

Signed:

Witness:



Tenants: Da-Vi Nails International, LLC.



4/21/09  
Date

Attest:

\_\_\_\_\_

DAVID TRUONG

Printed Name: David Truong Manager/Chief Executive Officer

MANAGER / CEO

Title

**FIRST AMENDMENT TO  
WAL-MART MASTER LEASE AGREEMENT**

**THIS FIRST AMENDMENT TO WAL-MART MASTER LEASE AGREEMENT** (this "First Amendment") is made and entered into by and between Wal-Mart Stores, Inc., Wal-Mart Stores East, LP, Wal-Mart Stores Arkansas, LLC, Wal-Mart Louisiana, LLC and Wal-Mart Stores Texas, LLC (collectively herein after "Landlord") and David Truong and Vi Truong Cao d.b.a. Da-Vi Nails ("Tenant"). The effective date (the "Effective Date") of this First Amendment is the date on which this Amendment is last executed by a party hereto, as indicated on the signature pages of this Amendment.

**RECITALS**

WHEREAS, Landlord and Tenant entered into that certain Wal-Mart Master Lease Agreement, dated as of March 11, 2009 (the "Lease");

WHEREAS, the parties desire to modify the Lease in accordance with the terms and provisions of this First Amendment;

NOW, THEREFORE, in consideration of the premises and promises contained herein, and other good and valuable consideration, the receipt and sufficiency and validity of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Section 7.3 of the Lease Agreement entitled "Store Relocation, Renovation and Closing" is hereby amended by adding the following language as section 7.3(B)(3):

"(3) If, in connection with Store Renovations, Landlord determines (in its sole discretion) that there will not be space available for Tenant upon completion of the Store Renovations, Landlord, may terminate this Master Lease and related Attachment A as to the applicable Leased Premises. In the event such termination occurs during the first five (5) years of the Lease Term for the applicable Leased Premises, Landlord will reimburse Tenant for the unamortized portion of the cost of Tenant's initial Improvements to the particular Leased Premises, calculated on a straight line depreciation basis over five years, not to exceed \$100,000. Landlord will not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises."

2. All capitalized terms used but not otherwise defined in this First Amendment have the same meaning as provided in the Lease.

3. In the event of any conflict between the terms of this First Amendment and the terms of the Lease, the terms of this First Amendment shall govern and control.

4. This First Amendment may be executed in one or more counterparts, all of which are one and the same Amendment and all of which become effective on the effective date

mentioned above. A facsimile or digital signature of any party is binding upon that party as if it were an original signature.

5. This First Amendment shall be binding upon and shall inure to the benefit of their respective successors and assigns.

6. Except as expressly modified and amended by this First Amendment, all other terms, covenants, and conditions of the Lease shall continue and remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Amendment as of the day and year written below.

Signed:

LANDLORD:

WAL-MART STORES, INC.

Name [Signature]  
Title SR OR  
Date 4/29/09

WAL-MART STORES EAST, LP

Name [Signature]  
Title SR OR  
Date 4/29/09

WAL-MART STORES ARKANSAS, LLC

Name [Signature]  
Title SR OR  
Date 4/29/09

WAL-MART LOUISIANA, LLC

Name [Signature]  
Title SR OR  
Date 4/29/09

WAL-MART STORES TEXAS, LLC

Name [Signature]  
Title SR OR  
Date 4/29/09

TENANT:

Da-Vi Nails International, LLC

Name [Signature]  
Title MANAGER / CEO  
Date 4/21/09

## FIFTH AMENDMENT TO THE MASTER LEASE AGREEMENT

This **FIFTH AMENDMENT TO THE MASTER LEASE AGREEMENT** ("Fifth Amendment") is made and entered into this 14 day of February, 2014, by and between **Wal-Mart Stores East, LP**, individually and only as to Stores owned, leased, or operated in AL, CT, DC, DE, FL, GA, IN, KY, ME, MD, MA, MI, MS, MO, NH, NJ, NM, NY, NC, OH, OK, PA, RI, SC, TN, VT, VA, WI, WV; **Wal-Mart Stores, Inc.**, individually and only as to Stores owned or leased in AK, AZ, CA, CO, HI, ID, IL, IA, KS, MN, MT, NE, NV, ND, OR, SD, UT, WA, WY; **Wal-Mart Louisiana, LLC**, individually and only as to Stores owned or leased in Louisiana; **Wal-Mart Stores Texas, LLC**, individually and only as to Stores owned or leased in Texas; and **Wal-Mart Stores Arkansas, LLC**, individually and only as to Stores owned or leased in Arkansas (each referred to as "Landlord") and **Da-Vi Nails Salon and Spa, LLC** ("Tenant").

**WHEREAS**, Landlord and Tenant entered into that certain Master Lease Agreement dated March 6, 2009; that certain First Amendment dated April 29, 2012; that certain Second Amendment dated November 9, 2012; that certain Third Amendment dated April 17, 2013 and that certain Fourth Amendment dated August 3, 2013 (the "Lease"),

**WHEREAS**, the parties are now desirous of making certain amendments, changes, and alterations to the Lease in order to more accurately reflect their intents and wishes;

**NOW THEREFORE**, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Section 1.1 Definitions, of the Master Lease Agreement is amended by adding the following:
  - II. "Buyout Fee" means the amount, if any, set forth as in the applicable Attachment A that Landlord shall pay to Tenant to terminate the applicable Attachment A in accordance with the terms as set forth in the applicable Attachment A.

**IN WITNESS WHEREOF**, Landlord and Tenant have caused this Fifth Amendment to be duly executed as of the date first above written.

(signatures on next page)

Signed:

Landlord: WAL-MART STORES EAST, LP

  
Don R. Etheredge  
Senior Director


2/14/14  
Date

Landlord: WAL-MART STORES, INC.

  
Don R. Etheredge  
Senior Director

2/14/14  
Date

Landlord: WAL-MART LOUISIANA, LLC

  
Don R. Etheredge  
Senior Director

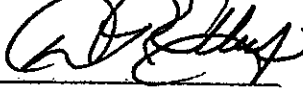
2/14/14  
Date

Landlord: WAL-MART STORES TEXAS, LLC

  
Don R. Etheredge  
Senior Director

2/14/14  
Date

Landlord: WAL-MART STORES ARKANSAS, LLC

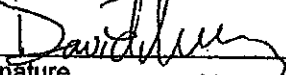
  
Don R. Etheredge  
Senior Director

2/14/14  
Date

Signed:

Tenant:

DA-VI NAILS SALON AND SPA, LLC

  
Signature

2/6/2014  
Date

DAVID TRUONG

Printed Name

PRESIDENT

Title

## **ATTACHMENT A**

**WAL-MART STORES**, LP ("Landlord") and **DA-VI NAILS SALON AND SPA, LLC** ("Tenant") entered into a Master Lease Agreement effective \_\_\_\_\_ ("Master Lease") and now desire to lease the below-described Leased Premises subject to the terms and conditions of the Master Lease, to which this Attachment A attaches and incorporates into upon full execution of this Attachment A by Landlord and Tenant (the "Effective Date"). All capitalized terms used in this Attachment A have the meanings set forth in the Master Lease unless otherwise specifically stated in this Attachment A.

### **Article I LEASED PREMISES**

The Leased Premises consists of approximately \_\_\_\_\_ square feet of floor space in the Store commonly referred to by Landlord as Wal-Mart # \_\_\_\_\_, in the City of \_\_\_\_\_, State of \_\_\_\_\_. The Leased Premises is further depicted on Exhibit A, attached hereto.

### **Article II DELIVERY WINDOW**

The Delivery Window is between \_\_\_\_\_ and \_\_\_\_\_. This Leased Premises will be delivered to Tenant "as is."

### **Article III LEASE TERM, BUY-OUT CLAUSE, EXTENSION, EXPIRATION AND SURRENDER**

1. Lease Term. The Lease Term for the Leased Premises shall expire and this Attachment A shall terminate on the \_\_\_\_\_ (\_\_\_\_\_) anniversary of the Rent Commencement Date, subject to any extension as described below.
2. Extension Option. Tenant and Landlord shall have the option (the "Extension Option"), subject to Landlord's consent (which may be withheld in Landlord's sole discretion), to extend the Lease Term as to the Leased Premises for \_\_\_\_\_ additional \_\_\_\_\_ period(s) (each, an "Extension Term"), subject to the terms and conditions of the Master Lease and this Attachment A, at the following rates of Rent: \_\_\_\_\_.
3. Notice to Landlord. Tenant, at least \_\_\_\_\_ (\_\_\_\_\_) days prior to the Expiration Date, Tenant shall notify Landlord of its desire to exercise an Extension Option. Such notice must be in writing and Tenant may not be in Default at the time of such notice or as of the date of the commencement of the Extension Term. In order to be effective, any Extension Term must be consented to by Landlord (as determined in its sole discretion) and evidenced by the signing of a new Attachment A for the Leased Premises. Any new Attachment A for which an Extension Term is entered into supersedes and replaces any previous Attachment A for the Leased Premises that Landlord and Tenant entered into. Any period for which an Extension Option is not exercised by Tenant shall be forfeited.
4. Buy-Out Clause. Landlord may, without cause, terminate this Attachment A, with prior, written notice effective 120 days after Tenant receives such written notice. In the event this Attachment A terminates as a result of Landlord exercising the termination right

granted in the preceding sentence and such termination occurs during the first five (5) years of the Lease Term, Landlord shall pay to Tenant an early termination fee according to the following schedule based on the lease year in which this Attachment A is terminated. It is expressly understood and agreed by the parties that the amount specified by the parties is reasonable and Landlord shall not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises.

<u>Lease Year</u>	<u>Early Termination Fee</u>
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	

If such termination occurs during the extension options of the Lease Term, Landlord shall pay to tenant an early termination fee according to the following schedule based on the extension option and the lease year in which the Attachment A Renewal is terminated. It is expressly understood and agreed by the parties that the amount specified by the parties is reasonable and Landlord shall not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises.

<u>Lease Year</u>	<u>Early Termination Fee</u>
1 (first year of 3 year extension)	
2	
3	
1 (first year of second 3 year extension)	
2	
3	

5. Condition Upon Surrender or Termination. Upon the expiration or earlier termination of this Attachment A, for whatever reason, Tenant shall immediately remove all property and the Trade Fixtures from the Leased Premises. Additionally, Tenant shall surrender and quit the Leased Premises, and shall either:
- Return the Leased Premises to a "White Box" condition; or
  - In lieu of returning the Leased Premises to "White Box" condition pay Landlord the sum of (\$ ). Said fee shall increase at percent ( %) per annum from the Rent Commencement Date.

#### Article IV



**RENT COMMENCEMENT DATE, RENT, SECURITY DEPOSIT, OTHER**

1. Rent Commencement Date. The Rent Commencement Date is \_\_\_\_\_, subject to change in accordance with the Master Lease.
2. Base Rent. Commencing on the Rent Commencement Date, Tenant shall pay Landlord monthly Base Rent in the amount of \_\_\_\_\_ in accordance with the terms of the Master Lease. On the first (1<sup>st</sup>) day of the month following the anniversary of the Rent Commencement Date and on each one-year anniversary thereafter during the Lease Term, the monthly Base Rent shall automatically increase by \_\_\_\_\_ percent ( \_\_\_\_\_ %); provided, that the monthly Base Rent during any Extension Term shall be as set forth in Article III.2 above.
3. Percentage Rent. In addition to Base Rent, Tenant shall pay Landlord \_\_\_\_\_ (annually, monthly/weekly/zero) Percentage Rent in accordance with the terms of the Master Lease. Percentage Rent shall be an amount equal to the product of (i) total Gross Sales in and from each Leased Premises subject to this Master Lease during the particular Fiscal Year, and (ii) the Percentage Rent Rate.

Tenant shall provide annually, no later than the last day of the fourth month following Tenant's fiscal year end, an independent certified accountant's report on Applying Agreed-Upon-Procedures conducted in accordance with the attestation standards (AT Section 201) established by the American Institute of Certified Public Accountants. Said Agreed Upon Procedures shall include a comparison of the Gross Sales base used in the computation of Percentage Rent to the specific general journal for each particular location, consistent with the definition of Gross Sales below, and the computation of Percentage Rent based upon that Gross Sales definition.

"Gross Sales" means the aggregate selling price of all merchandise sold or delivered at or from any part of the Leased Premises and the charges for all services sold or performed at or from any part of the Leased Premises or at any other location if the merchandise is taken from the Leased Premises or the order for services taken at the Leased Premises. In addition: (i) Gross Sales includes sales and charges for cash or credit, and credit sales shall be included in Gross Sales regardless of collections; (ii) Gross Sales excludes refunds made by Tenant to its customers for merchandise originally included in Gross Sales but returned to Tenant; exchanges of merchandise between stores of Tenant where such exchanges are made solely for the convenient operation of Tenant's business; and the amount of any city, county, or state sales tax on sales paid to a taxing authority by Tenant, but not by any vendor of Tenant; and (iii) a sale shall be deemed to be made in the Leased Premises if the merchandise or services are ordered from the Leased Premises in person, via telephone, facsimile, internet, or other electronic means, or filled at the Leased Premises, or delivered from the Leased Premises.

"Percentage Rent Rate" means \_\_\_\_\_ percent ( \_\_\_\_\_ %) of annual Gross Sales.

4. Common Area Maintenance Fee. Tenant shall also pay Landlord, as additional Rent, a Common Area Maintenance fee of \_\_\_\_\_ (\$ \_\_\_\_\_) per month pursuant to the terms of the Master Lease.

5. Utility Reimbursement Fee. Tenant shall pay Landlord, as additional Rent, a Utility Reimbursement fee according to the following schedule and pursuant to the terms of the Master Lease:

<u>Level</u>	<u>Monthly Gross Sales</u>	<u>Utility Reimbursement Fee</u>
Level 1	\$ to \$	%
Level 2	\$ to \$	%
Level 3	\$ to \$	%
Level 4	\$ to \$	%
Level 5	\$ and above	%

6. Leased Premises Improvement Charge. Tenant shall pay Landlord, as additional Rent, a Leasehold Improvement Charge of (\$ ), pursuant to the terms of the Master Lease.
7. Key Money. Tenant shall pay Landlord, as additional Rent, Key Money in the amount of (\$ ), pursuant to the terms of the Master Lease.
8. Security. Tenant shall provide Landlord with a Security Deposit in the amount of (\$ ), subject to and in accordance with the terms of the Master Lease.
9. Insurance Reimbursement Fee. Tenant shall pay Landlord, as additional Rent, an Insurance Reimbursement Fee in the amount of (\$ ) per month, (\$ ) per square foot per month), pursuant to the terms of the Master Lease.
10. ACH Direct Payments. All payments due pursuant to this Article IV, with the exception of Percentage Rent, shall be made utilizing ACH Debits. At the time Tenant executes this Attachment A they will also execute the Authorization Agreement for Direct Payments ("ACH Debits"), attached hereto as Exhibit B.

#### Article V PERFORMANCE COVENANTS

Commencing on the second anniversary of the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter during the Lease Term, Tenant shall satisfy the following performance covenants for the immediately preceding twelve (12) month period with respect to the Leased Premises:

<u>Lease Year</u>	<u>Gross Sales</u>	<u>Transaction Counts</u>
2	\$	

3	\$	
4	\$	
5	\$	

## Article VI HOURS OF OPERATION

Tenant shall operate the Leased Premises:

- a. Monday through Friday: \_\_\_\_\_ a.m. to \_\_\_\_\_ p.m.
- b. Saturday: \_\_\_\_\_ a.m. to \_\_\_\_\_ p.m.
- c. Sunday: \_\_\_\_\_ a.m. to \_\_\_\_\_ p.m.
- d. Such additional hours during holiday season or special promotions as Landlord may determine or reasonable prior notice.
- e. Such modified operating hours as Landlord's Store Manager or Landlord's Home Office Leasing Manager may agree to from time to time, but in no event shall operating hours total less than fifty (50) hours per week without approval from the Landlord's Home Office Leasing Department.

## Article VII MISCELLANEOUS

1. Binding Effect. This Attachment A is effective as of the Effective Date. Tenant agrees to accept the Leased Premises subject to the terms and conditions of the Master Lease, to which this Attachment A attaches to and incorporates into.
2. Counterparts. This Attachment A may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument. This Attachment A may be executed by one or more parties using an electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

*[Signatures on following pages]*

**IN WITNESS HEREOF**, the parties have executed this Agreement as of the date(s) set forth below.

Witness: "Landlord"  
**WAL-MART STORES EAST, LP**

\_\_\_\_\_  
Name: \_\_\_\_\_ By: \_\_\_\_\_  
Name: Randy Lillard  
Title: Senior Asset Manager  
Date: \_\_\_\_\_

Witness: Tenant:  
**DA-VI NAILS SALON AND SPA, LLC**

\_\_\_\_\_  
Name: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Tenant: Da-Vi Nails Salon and Spa, LLC  
Store #, City, State:

**EXHIBIT A**

**LEASED PREMISES DEPICTION**

# EXHIBIT B TO SUBLEASE AGREEMENT

## **ISO Surrender Condition Guidelines**

ISO's (DaVi Nails Franchisee) that will be surrendering its Leased Premises back to Walmart must:

- ◆ Verify with the local authority having jurisdiction (AHJ) to find out if a permit is required for the scope of work and provide a copy of the permit or an email stating that a permit is not required to the Walmart Services Project Manager prior to commencing any construction activity.
- ◆ Discuss the scope of work, timelines and dumpster placement (if needed) with the store manager. All disruptive work (noise, fumes, gases, odor, airborne particulates, etc.) must occur overnight or during hours that have been approved by the store manager. The ISO is responsible for all costs incurred to secure the applicable dumpster. If any changes required by store manager due to existing condition, Contact DaVi Nails immediately for approval.
- ◆ Ensure all contractors are licensed and insured in the jurisdiction that the project is taking place.  
**MANDATORY**
- ◆ Install a temporary dust wall per the details and guidelines described below or an approved barricade before work commences, unless the lease or other Walmart written approval allows the ISO to return the space in Broom Clean condition wherein a temporary dust wall is not required.
- ◆ Not perform any work during the construction blackout (November 1 through January 1) unless approved by Walmart Services Project Manager.
- ◆ Execute the applicable checklist White Box (as defined below), Broom Clean and/or Board Up and email it to the Walmart Services Project Manager.

**DO NOT EMAIL TO WALMART – EMAIL TO DAVI NAILS – ATTENTION MICHAEL SHEGRUD –**

- WE WILL NEED TO VERIFY PHOTOS OF COMPLETED WORK FOR APPROVAL
- PHOTOS INCLUDE THE STOREFRONT SHOWING THE STORE SIGN HAS BEEN REMOVED, PATCHING AND PAINTING THE UPPER WALL, (1) PICTURE EACH SIDE WALL AND (1) PICTURE FROM THE REAR OF THE SPACE LOOKING FORWARD
- ANY OF ALL ELECTRICIANS, PLUMBERS NEED TO BE LICENSED AND PROOF OF INSURANCE TO TINA SPERRY AT DA VI NAILS.

◆ Email final pictures of the completed White Box, Broom Clean and/or Boarded Up space to be emailed to DaVi Nails – Attention Michael Shegrud

➤ Photos should include:

- Completed interior space with a photo of each wall, floor, and the ceiling.
- Interior bulk head.
- Completed exterior of building where the sign was removed if applicable.

### **Temporary Dust Wall Detail**

◆ **Dust Drape: - VISQUEEN DRAPE – SIDE TO SIDE AND TOP TO FLOOR – EXCEPT IF WALMART DEMANDS A DUST WALL OR BARRICADE**

➤ Use if minor work is being done in the space and work will take less than five days.

- Painting.
- General patch work to walls that does not require sanding.
- Fixture installation or removal.

◆ **Barricade: Preferred temporary dust wall method for projects that do not meet the Dust Drape requirements.**

➤ **Approved vendors:**

- Boston Barricade                      Valerie Nico                      Phone: 772-257-7312                      or [ynico@bostonbarricade.com](mailto:ynico@bostonbarricade.com)
- Center Stage Barricade                      Nitika Shah                      Phone: 973-423-5000                      or [nshah@cspdisplay.com](mailto:nshah@cspdisplay.com)

◆ **Rigid Dust Partition:**

➤ May be used in place of a Barricade.

### **White Box Guidelines**

◆ **All furnishings and fixtures must be removed from the space. DO NOT DUMP ANY TRASH OR DEBRIS FROM DEMOLITION IN WALMART'S DUMPSTERS OR TRASH CONTAINERS – EVERYTHING MUST BE DUMPED AT LOCAL LANDFILL**

◆ **All electrical wires that were hard wired to fixtures and equipment must be removed back to the panel or terminated by code in an approved electrical box secured in the wall or above the ceiling per codes.**

◆ **Flooring options are:**

- PVC wood-look plank flooring.
- Polished concrete when Walmart sales floor is polished concrete.
- White VCT when Walmart sales floor is white VCT.

**INSTALL MATCHING TILE FOR THE VCT FLOORING OR TILE FLOORS AND CUT AND INFILL THOSE VOIDS LEFT BY REMOVAL OF THE STORAGE ROOM WALLS, ½ WALL AT THE PEDICURE STATION AND WAITING AREA WHERE APPLICABLE AND THE SCREENWALL – REMEMBER THE ½ WALL FOR THE WASHER BOXES MUST BE REMOVED, PLUMBING CAPPED AND INFILL THE FLOORING TO LIKE NEW CONDITION - PATCH CONNECTING WALLS TO LIKE NEW CONDITION– NO EXCEPTIONS**

- ◆ All walls have a minimum ½" gypsum board from finished floor to a minimum of 4" above ceiling (unless otherwise directed by code).
- ◆ All walls have been patched and painted SW 7102 white flour. MANDATORY
- ◆ Walmart standard 4" black plastic wall base has been installed around the perimeter of the space. OR EXISTING BASE IF IN GOOD CONDITION NEEDS TO BE PAINTED SEMI-GLOSS BLACK – BUT MUST BE CONTINUOUS ON ALL 4 WALLS – BROKEN OR DAMAGED BASE BOARDS NEED TO BE REPLACED OR PAINTED BLACK
- ◆ ISO will need to cap all plumbing and sanitary lines flush with the finish floor or behind finished wall and ceiling.
- ◆ Shutoff valve to the water heater, if applicable, will need to be turned to the off position or remove the water heater and cap water supply lines behind the ceiling or wall. WE REQUIRE WATER HEATER TO BE REMOVED COMPLETELY, CAP ALL WATERLINE PER BUILDING CODES ABOVE CEILING AND ALL RELATED PIPING IN STORAGE ROOM, IN THE P1/2 WALL TO BE REMOVED AND CAPPED. A LICENSED PLUMBER IS MANDATORY TO COMPLETE THIS WORK
- ◆ Suspended ceiling system is 10'-0" AFF with 2x4 ceiling tiles ACT1 (see finish schedule below). Ceiling grid will be standard exposed white T system, unless approved by the Walmart Services Project Manager. ALL CEILING TILES MUST BE IN PLACE, IF MISSING OR DAMAGED – FRANCHISEE TO REPLACE.
- ◆ Remove all custom lighting and replace with 2x4 fluorescent light fixtures with light bulbs to match sales floor lighting.
- ◆ Emergency lighting and exit signs, if applicable are installed per code. DO NOT REMOVE ANY OF THESE IN THE SPACE
- ◆ Minimum 100 AMP electrical panel is flush mounted on rear wall near the corner of the space.
- ◆ 110V duplex electrical receptacles have been installed at 18" AFF and 72" on center around the perimeter of the space. ALL DUPLEX OR 4 PLEX OUTLETS IN THE ½ WALL FOR THE PED SPAS NEED TO BE MOVED BACK TO THE ORIGINAL DEMISING WALL – IF FRANCHISEE HAS ADDED ANY ELECTRICAL DURING THEIR TENANCY, IT WILL HAVE TO BE REMOVED AND RELOCATED BY A LICENSED ELECTRICIAN
- ◆ All interior partition walls have been removed from the space. – PATCH ALL SURFACES TO LIKE NEW CONDITION
- ◆ Sales floor side of wall will need to match the adjacent finishes, texture and paint color.
- ◆ Install new floor base and wall guard to match existing on the sales floor side of the wall.
- ◆ Ensure fire sprinkler and life safety systems are installed AND REMAIN as required per code and Walmart standards.
- ◆ All work must meet ALL LOCAL CODES.

### Signing

- ◆ Bulkhead sign and hardware must be removed and be patched and painted to match the adjacent Walmart finishes, wall texture and paint color.



- ◆ Exterior sign if applicable must be removed and exterior of building patched and painted to match the adjacent Walmart finishes, wall texture and paint color.

**Contacts for Walmart approved products:**

**FLOORING:**

- ◆ Patch and repair tile floors to match existing – Fill out gaps for complete floor.
- ◆ Sealed concrete floors – Patch and repair to match existing
- ◆ VCT floors – Patch flooring to match existing

**CEILING TILE – Replace where ceiling tiles are damaged or missing**

- ◆ Armstrong World Industries, Inc.      Contact by Territory (877) 276-7876

**SECURITY GRILL CONTACT – Leave key with store management**

- ◆ Dynamic Closures:      Joey Neilson      (800) 663-4599 or [Joeynelson@dynamicclosures.com](mailto:Joeynelson@dynamicclosures.com)

**WAINESCOTING/CHAIR RAIL/COVE BASE – Remove and patch wall**

- ◆ Haines, Jones & Cadbury;      Rick Layton      (800)-459-7099 or [rickl@hjcinc.com](mailto:rickl@hjcinc.com)

**\*\*MOST IMPORTANT – Franchisee must then provide Franchisor photographs of the following clearly showing:**

- Front of the store from Walmart cash registers
- From the back of the space looking to the front.
- Each of the side walls
- Before and after views of the floor

-

## EXHIBIT C - STATE FRANCHISE ADMINISTRATORS

<p style="text-align: center;"><b>California</b></p> <p>Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104-4428 866-275-2677</p>	<p style="text-align: center;"><b>Hawaii</b></p> <p>State Department of Commerce P.O. Box 40 Honolulu, HA 96813 (808) 586-2722</p>	<p style="text-align: center;"><b>Illinois</b></p> <p>Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>
<p style="text-align: center;"><b>Indiana</b></p> <p>Franchise Division Office of Secretary of State 302 W. Washington St., Rm. E111 Indianapolis, IN 46204 (317) 232-6681</p>	<p style="text-align: center;"><b>Maryland</b></p> <p>Office of the Attorney General, Securities Division 200 St. Paul Place - 20th Floor Baltimore, MD 21202 (410) 576-6360</p>	<p style="text-align: center;"><b>Michigan</b></p> <p>Consumer Protection Division Franchise Section PO Box 30213 Lansing MI 48909</p>
<p style="text-align: center;"><b>Minnesota</b></p> <p>Commissioner of Commerce Department of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-4026</p>	<p style="text-align: center;"><b>New York</b></p> <p>Franchise &amp; Securities Division State Department of Law 120 Broadway 23rd Floor New York NY 10271 (212) 416-8211</p>	<p style="text-align: center;"><b>North Dakota</b></p> <p>Franchise Division Office of Securities Commission 600 East Boulevard - 5th Floor Bismarck, ND 58505 (701) 328-2910</p>
<p style="text-align: center;"><b>Oregon</b></p> <p>Corporate Securities Section Dept. of Insurance &amp; Finance Labor &amp; Industries Bldg. Salem, OR 97310 (503) 378-4387</p>	<p style="text-align: center;"><b>Rhode Island</b></p> <p>Franchise Office Division of Securities 233 Richmond St. - Suite 232 Providence, RI 02903 (401) 222-3048</p>	<p style="text-align: center;"><b>South Dakota</b></p> <p>Department of Labor and Regulation Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p>
<p style="text-align: center;"><b>Virginia</b></p> <p>State Corporation Commission Division of Securities and Retail Franchising  1300 E. Main St., 9<sup>th</sup> Floor Richmond, VA 23219 (804) 372-9052</p>	<p style="text-align: center;"><b>Washington</b></p> <p><b>The Department of Financial Institutions</b> Securities Division P.O. Box 9033 Olympia, WA 98507-9033 Voice: (360) 902-8760 Fax: (360) 586-5068</p>	<p style="text-align: center;"><b>Wisconsin</b></p> <p>Franchise Office <b>Wisconsin Securities Commission</b> P.O. Box 1768 Madison, WI 53701 (608) 266-3364</p>

# **EXHIBIT D – AGENTS FOR SERVICE OF PROCESS**

**Franchisor's agents for service of process are:**

## **CALIFORNIA**

Commissioner of Business Oversight  
1515 K Street, Suite 200  
Sacramento, California 95814-4052

## **HAWAII**

Commissioner of Securities  
Department of Commerce & Consumer  
Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

## **ILLINOIS**

Attorney General  
500 South Second Street  
Springfield, IL 62706

## **INDIANA**

Secretary of State  
302 West Washington, Room E-111  
Indianapolis, IN 46204

## **MARYLAND**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

## **MICHIGAN**

Secretary of State  
525 West Ottawa Street  
Lansing, MI 48933

## **MINNESOTA**

Commissioner of Commerce  
85 7<sup>th</sup> Place, Suite 280  
St. Paul, MN 55101-3165

## **NEW YORK**

Secretary of State  
99 Washington Avenue  
Albany, NY 12231

## **NORTH DAKOTA**

Securities Commissioner  
600 Boulevard Avenue, State Capital  
Bismark, ND 58505-0510

## **SOUTH DAKOTA**

Division of Insurance

Securities Regulation

124 South Euclid, Suite 104  
Pierre, SD 57501

## **RHODE ISLAND**

Director, Department of Business  
Regulation  
Bldg. 69, First Floor  
1511 Pontiac Avenue  
Cranston, RI 02920

## **VIRGINIA**

Clerk, Virginia State Corporation  
Commission  
1300 E. Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

## **WASHINGTON**

Director of Financial Institutions 150  
Israel Rd SW  
Tumwater WA 98501

## **WISCONSIN**

Administrator, Division of  
Securities, Department of Financial  
Institutions 345 W Washington Ave  
Madison, WI 53703-2701

**EXHIBIT E**

**FINANCIAL STATEMENTS**

**Da-Vi Nails Salon and Spa, LLC**

**FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**DA-VI NAILS SALON AND SPA, LLC**  
**Financial Statements**

**December 31, 2022 and 2021**  
**with Independent Auditor's Report**

***Traveller &***  

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***Company, LLC***  
*Certified Public Accountants*  
*500 North Marketplace Drive, Suite 270*  
*Centerville, Utah 84014*

**Da-Vi Nails Salon and Spa, LLC**  
**Financial Statements**  
**December 31, 2022 and 2021**

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## **Independent Auditor's Report**

To the Members of  
Da-Vi Nails Salon and Spa, LLC

We have audited the accompanying financial statements of Da-Vi Nails Salon and Spa, LLC (the "Company") which comprise the balance sheet as of December 31, 2022, and the related statement of income and changes in members' equity, and cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of Da-Vi Nails Salon and Spa, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Da-Vi Nails Salon and Spa, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of Da-Vi Nails Salon and Spa, LLC as of December 31, 2021 were audited by other auditors whose report dated March 31, 2022 expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Da-Vi Nails Salon and Spa, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Da-Vi Nails Salon and Spa, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Da-Vi Nails Salon and Spa, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Traveller & Company, LLC*

Centerville, UT  
December 8, 2023

Da-Vi Nails Salon and Spa, LLC  
Balance Sheets  
December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 35,117	\$ 1,936,659
Accounts receivable, net of allowance of \$303,922 and \$460,662 at December 31, 2022 and 2021, respectively	71,295	58,480
Inventory	143,878	265,159
Prepaid expenses	95,547	86,499
Total current assets	345,837	2,346,797
Property and equipment, net	47,878	66,887
Advances to partners and affiliates	22,287,461	16,163,829
Right of use asset	18,037,961	—
Unbilled lease receivable	31,529,129	—
Total non-current assets	71,902,429	16,230,716
<b>Total assets</b>	<b>\$ 72,248,266</b>	<b>\$ 18,577,513</b>
<b>Liabilities and members' equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 134,812	\$ 13,510
Variable lease payable	163,766	828,903
Reservation and security deposits	3,060,643	2,812,772
EIDL loan - current portion	3,328	—
Total current liabilities	3,362,549	3,655,185
EIDL loan - non-current portion	161,905	158,707
Lease liability	18,037,961	—
Deferred lease revenue	31,529,129	—
Total liabilities	53,091,544	3,813,892
Commitments and contingencies	—	—
Members' equity	19,156,722	14,763,621
<b>Total liabilities and members' equity</b>	<b>\$ 72,248,266</b>	<b>\$ 18,577,513</b>

See accompanying notes to financial statements.

**Da-Vi Nails Salon and Spa, LLC**  
**Statements of Income and Changes in Members' Equity**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Income:		
Lease revenue	\$ 15,258,504	\$ 15,804,033
Construction and remodeling	1,594,951	2,682,726
Royalties	2,009,800	1,759,850
Franchise transfer fees	476,452	64,000
Other	617,675	316,576
	<hr/>	<hr/>
Total income	19,957,382	20,627,185
Cost of goods sold	10,302,973	10,395,643
	<hr/>	<hr/>
Gross profit	9,654,409	10,231,542
Operating expenses:		
General and administrative expenses	4,653,246	4,553,974
Depreciation expense	19,009	23,923
	<hr/>	<hr/>
Total operating expenses	4,672,255	4,577,897
	<hr/>	<hr/>
Income from operations	4,982,154	5,653,645
Other income (expense):		
Other income	243,205	—
Gain from forgiveness of debt	—	117,400
Interest income (expense), net	(751)	(8,606)
	<hr/>	<hr/>
Total other income	242,454	108,794
	<hr/>	<hr/>
Net income	5,224,608	5,762,439
Members' equity - beginning of year	14,763,621	11,286,516
Distributions	(831,507)	(2,285,334)
	<hr/>	<hr/>
Members' equity - end of year	\$ 19,156,722	\$ 14,763,621
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**Da-Vi Nails Salon and Spa, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Net income	\$ 5,224,608	\$ 5,762,439
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	19,009	23,923
Changes in assets and liabilities:		
Accounts receivable	(12,815)	12,430
Inventory	121,281	43,591
Prepaid expenses	(9,048)	(86,499)
Accounts payable and accrued liabilities	121,302	(8,784)
Reservation and security deposits	247,871	(89,951)
Other lease related payable	(665,137)	828,903
Accrued interest	6,526	8,807
	<hr/>	<hr/>
Net cash provided by operating activities	5,053,597	6,494,859
<b>Investing activities</b>		
Advances to partners and affiliates	(6,123,632)	(3,377,346)
	<hr/>	<hr/>
Net cash from (used for) investing activities	(6,123,632)	(3,377,346)
<b>Financing activities</b>		
PPP loan forgiveness	—	(117,400)
Net distributions to members	(831,507)	(2,285,334)
	<hr/>	<hr/>
Net cash from (used for) investing activities	(831,507)	(2,402,734)
Net increase (decrease) in cash and cash equivalents	(1,901,542)	714,779
Cash and cash equivalents, at beginning of year	1,936,659	1,221,880
	<hr/>	<hr/>
Cash and cash equivalents, at end of year	\$ 35,117	\$ 1,936,659
	<hr/>	<hr/>
<b>Supplemental disclosures of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ —	\$ —

See accompanying notes to financial statements.

Da-Vi Nails Salon and Spa, LLC  
Notes to Financial Statements  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies**

**Organization and Business Description**

Da-Vi Nails Salon and Spa, LLC (a limited liability company) (the “Company”) was organized under the laws of the State of Utah on March 1, 2010, as a limited liability company. The Company is engaged in the business of franchising nail and eyelash salons mainly located in Walmart stores with occasional salons in other shopping mall locations throughout the United States. The company sells franchises to individuals and groups and provides training and certain franchise maintenance services to the franchisees.

**Basis of Presentation**

The financial statements and accompanying notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Revenue Recognition**

The Company recognizes revenue for financial reporting purposes from franchise sales when it has substantially fulfilled its commitment to build out a franchisee location and provided training to the franchisee. Lease revenue and revenue from royalties and administrative fees are recognized when earned. Revenues are primarily derived from: 1) the selling of franchises; 2) the collection of lease revenue; 3) the collection of royalties and administrative fees for various services to the franchisees. Other revenue sources include the selling of supplies and administration fees for insurance. At year end, there were no significant additional commitments nor obligations related to franchise agreements. Additionally, the Company earns revenue from the sale of products to franchisees. Revenue from such sales is recognized as earned. At December 31, 2022, there were approximately 400 franchises in operation.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC Topic 842)*, which supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees and lessors are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach. The most significant effects of adopting FASB ASC 842 were the recognition of \$18,037,961 of an operating lease ROU asset and lease liability, and the recognition of \$31,529,129 of unbilled rent receivable and deferred lease revenue. Because of the contractual terms of the leases, the implementation of FASB ASC 842 had no material impact on the results of operations or cash flows for the year ended December 31, 2022.

# Da-Vi Nails Salon and Spa, LLC

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### **Cash and Cash Equivalents**

The Company considers all liquid debt instruments with original maturities of three months or less to be cash equivalents. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

#### **Accounts Receivable**

Accounts receivable are recorded net of an allowance for expected losses and therefore reflect their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on past credit history with franchisees and their current financial condition. Based on management's evaluation, an allowance for uncollectible amounts of \$303,922 and \$460,662 was recorded in the financial statements as of December 31, 2022 and 2021, respectively.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

#### **Concentration of Credit Risk**

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### **Inventory**

Inventory principally consists of supplies for use by franchisees and is stated at the lower of cost or market. Cost is determined using the average cost method.

#### **Property and Equipment**

Property and equipment are stated at the lower of cost or net-realizable value. Expenditures that increase value or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.

# Da-Vi Nails Salon and Spa, LLC

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by the Company. Members are taxed individually on their share of the Company's earnings. The Company's net income (loss) is allocated among the members proportionate to their ownership interest. The Company is no longer subject to examination by federal and state taxing authorities for the years prior to 2019.

#### Advertising and Promotion

All costs associated with advertising and promoting the Company's goods and services are expensed in the year incurred. The Company did not have any advertising costs charged to expense during the years ended December 31, 2022 and 2021.

#### Reclassifications

Certain reclassifications have been made in the 2021 financial statements to conform with the 2022 presentation.

#### Subsequent Events

Management of the Company has evaluated any subsequent events that may require disclosure in these financial statements through December 8, 2023, the date of financial statement issuance.

### 2. Accounts Receivable

Accounts receivable consist of the following at December 31:

	2022	2021
Accounts receivable	\$ 375,217	\$ 519,142
Less allowance for bad debt	(303,922)	(460,662)
	<u>\$ 71,295</u>	<u>\$ 58,480</u>

# Da-Vi Nails Salon and Spa, LLC

## Notes to Financial Statements

### 3. Property and Equipment

Property and equipment consist of the following at December 31:

	<b>2022</b>	<b>2021</b>
Building improvements	\$ 112,825	\$ 112,825
Vehicles and transportation equipment	208,106	208,106
Furniture and equipment	82,781	82,781
	<b>403,712</b>	403,712
Less accumulated depreciation	<b>(355,834)</b>	(336,825)
	<b>\$ 47,878</b>	\$ 66,887

Depreciation expense for the years ended December 31, 2022 and 2021 was \$19,009 and \$23,923, respectively.

### 4. Reservation and Security Deposits

As of December 31, 2022 and 2021, the Company had received deposits from franchisees in the amounts of \$3,060,643 and \$2,812,772, respectively. These deposits consist of two types of deposits. Reservation deposits are received from potential franchisees to acquire the rights for future locations as they become available. The deposits do not accrue interest and are refundable at the franchisee's request within 30 days. Additionally, the Company requires that franchisees with stores and certain other tents pay a security deposit equal to the first month's rent. Reservation and security deposits as of December 31 were as follows:

	<b>2022</b>	<b>2021</b>
Reservation deposits	\$ 849,500	\$ 684,500
Security deposits	2,211,143	2,128,272
	<b>\$ 3,060,643</b>	\$ 2,812,772



# Da-Vi Nails Salon and Spa, LLC

## Notes to Financial Statements

### 5. Notes Payable

Notes payable consisted of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA) with interest at 3.75% per annum due in monthly installments of \$789 commencing January 14, 2023, secured by substantially all assets of the Company.	\$ 165,233	\$ 158,707
Less current portion	3,328	—
	<u>\$ 161,905</u>	<u>\$ 158,707</u>

Future minimum principal payments remaining are as follows:

#### Year ending December 31:

2023	\$ 3,328
2024	3,456
2025	3,588
2026	3,724
2027	3,866
Thereafter	147,271
	<u>\$ 165,233</u>

### 6. Leases

The Company accounts for leases in accordance with FASB ASC 842 and entered into contracts as both a lessee and lessor.

#### *Lessee*

The Company has a master lease with Walmart Stores East, LP (Walmart) in which it leases space to be used for nail salons within various Walmart store locations throughout the United States. The master lease allows the Company to enter into a separate agreement with each Walmart store to lease space to be used as a nail salon. The Company is responsible for all costs to ready each location in anticipation of the execution of a sublease with a franchisee. The agreement was effective as of March 6, 2009 under a former entity and is effective for the Company from its date of inception through the date when every agreement with each individual Walmart terminates and is not renewed.

The Company has a second master lease with Walmart, effective beginning November 20, 2018, under which it leases space to be used for lash salons within various Walmart store locations throughout the United States.

# Da-Vi Nails Salon and Spa, LLC

## Notes to Financial Statements

### 6. Leases (continued)

The Company also has agreements in place with certain mall locations similar to the master leases previously discussed except that each agreement is for a single location. For each of these lease agreements, the Company is liable should the individual franchisee default on payment. However, management has historically found another franchisee for the location in default.

The Company has determined that each of the lease agreements described above qualify to be treated as operating leases. Accordingly, a right of use asset and lease liability of \$18,037,961 have been recorded on the balance sheet as of December 31, 2022. Lease expense related to these leases was \$9,117,155 and \$9,143,076 at December 31, 2022 and 2021, respectively. The Company was unable to provide a detail sufficient to bifurcate the short and long-term portions of the lease liability as of December 31, 2022.

#### *Lessor*

The Company has agreements in place with each franchisee under which a fixed amount of monthly rent is collected and reported as lease revenue on the Statements of Income and has determined that these leases qualify for treatment as operating leases. Accordingly, an unearned lease receivable and deferred lease revenue (liability) of \$31,529,129 have been recorded on the balance sheet as of December 31, 2022. Lease revenue related to these leases for the years ended December 31, 2022 and 2021 was \$15,258,504 and \$15,804,033, respectively. The Company was unable to provide a detail sufficient to bifurcate the short and long-term portions of the lease liability (deferred lease revenue) as of December 31, 2022.

### 7. Concentrations

During the years ended December 31, 2022 and 2021 the Company received approximately 96% of its lease revenue through its master lease agreements with Walmart under which it is able to secure space and franchise out nail and lash salons within various Walmart stores. Additionally, approximately 93% of the Company's lease expense was paid to Walmart during the same periods. A loss of the master lease agreement with Walmart would have a substantial impact on the future operations of the Company.

### 8. Related Party Transactions

At December 31, 2022 and 2021, the Company had advanced a total of \$22,287,461 and \$16,163,829, respectively, to various affiliates. These amounts are unsecured and are due any time after December 31, 2023, without interest.

During the years ended December 31, 2022 and 2021 the Company paid \$325,000 and \$240,000, respectively, to an affiliate of the Company as rent on commercial office space. Rental amounts are paid on a discretionary basis and are due month to month.

**Da-Vi Nails Salon and Spa, LLC**

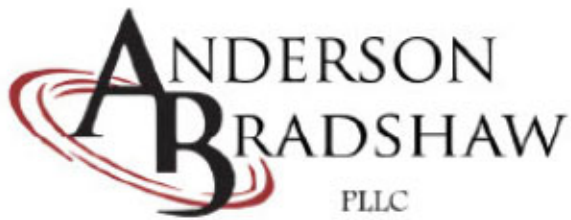
**FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**



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CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Members  
Da-Vi Nails Salon and Spa, LLC  
Salt Lake City, Utah

### Opinion

We have audited the accompanying financial statements of Da-Vi Nails Salon and Spa, LLC (a Utah Limited Liability Company), which comprise the balance sheet as December 31, 2021, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Da-Vi Nails Salon and Spa, LLC. as of December 31, 2021 , and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Da-Vi Nails Salon and Spa, LLC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

5296 S. Commerce Dr  
Suite 300  
Salt Lake City, Utah  
84107  
USA  
(T) 801.281.4700  
(F) 801.281.4701

[abcpas.net](http://abcpas.net)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Da-Vi Nails Salon and Spa, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Da-Vi Nails Salon and Spa, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Da-Vi Nails Salon and Spa, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Anderson Bradshaw PLLC*

Anderson Bradshaw PLLC  
Salt Lake City, Utah  
March 31, 2022



***Joseph B Glass & Associates***

*Certified Public Accountant*

190 South 200 East

Blanding, Utah 84511

Tel. 801-414-3325 Fax. 801-304-0475

e-mail address: [joebglasscpa@msn.com](mailto:joebglasscpa@msn.com)

**Independent Auditor's Report**

To the members  
Da-Vi Nails Salon and Spa, LLC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Da-Vi Nails Salon and Spa, LLC, which are comprised of the balance sheet as of December 31, 2020, and the related statements of net income, comprehensive income, and members' equity, and the cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Da-Vi Nails Salon and Spa, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America,

*Joseph B Glass & Associates*  
Joseph B Glass & Associates

Blanding , Utah

April 7, 2021



Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

Balance Sheets

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,936,659	\$ 1,221,880
Accounts receivable, net of allowance	58,480	70,910
Inventory	265,159	308,750
Prepaid expenses	86,499	-
Total current assets	<u>2,346,797</u>	<u>1,601,540</u>
Property and Equipment, Net	66,887	90,810
Advances to Partners and Affiliates	16,163,829	12,786,483
Total asset	<u><u>\$ 18,577,513</u></u>	<u><u>\$ 14,478,833</u></u>
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 13,510	\$ 22,294
Paycheck Protection Loan	-	117,400
Reservation and security deposits	2,812,772	2,902,723
Total current liabilities	<u>2,826,282</u>	<u>3,042,417</u>
EIDL loan - non current	158,707	149,900
Total liabilities	<u>2,984,989</u>	<u>3,192,317</u>
Commitments and Contingencies		
Members' Equity	15,592,524	11,286,516
Total liabilities and members' equity	<u><u>\$ 18,577,513</u></u>	<u><u>\$ 14,478,833</u></u>

Da-Vi Nails Salon and Spa, LLC  
Year Ended December 31, 2021 and 2020

Statements of Income, Comprehensive Income and Members' Equity

	2021	2020
Revenue:		
Rental revenue	\$ 16,632,936	\$ 11,057,193
Construction and remodeling	2,682,726	2,290,816
Royalties	1,759,850	1,605,498
Franchsie transfer fees	64,000	64,000
Other revenue	316,576	245,837
Total revenue	21,456,088	15,263,344
Cost of goods sold	10,395,643	7,609,286
Gross profit	11,060,445	7,654,058
Operating Expenses:		
General and administrative expenses	4,553,974	2,962,497
Depreciation expense	23,923	43,714
Total operating expenses	4,577,897	3,006,211
Income from operations	6,482,548	4,647,847
Other Income (Expense):		
Interest income	101	1,855
Other Income	117,400	-
Interest expense	(8,707)	-
Net income	6,591,342	4,649,702
Other comprehensive income	-	-
Total comprehensive income	\$ 6,591,342	\$ 4,649,702
Members' Equity- Beginning of Period	11,286,516	8,032,352
Distributions to Members	(2,285,334)	(1,395,538)
Members' Equity- End of Period	\$ 15,592,524	\$ 11,286,516

The accompanying notes are an integral part of these financial statements

Da-Vi Nails Salon and Spa, LLC  
Year Ended December 31, 2021 and 2020

Statements of Cash Flows

	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 6,591,342	\$ 4,649,702
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,923	43,714
PPP loan forgiveness	(117,400)	-
Change in operating assets and liabilities:		
Accounts receivable	12,430	237,461
Inventory	43,591	31,275
Prepaid expenses	(86,499)	-
Accounts payable and accrued expenses	(8,784)	(39,271)
Reservation and security deposits	(89,951)	(496,557)
EIDL Loan - accrued interest	8,807	-
Net Cash from Operating Activities	6,377,459	4,426,324
Cash Flows from Investing Activities:		
Advances to partners and affiliates	(3,377,346)	(2,958,014)
Purchase of property and equipment	-	(228)
Net Cash from (used for) Investing Activities	(3,377,346)	(2,958,242)
Cash Flows from Financing Activities:		
Advances under paycheck protection program	-	267,300
Distribution to members	(2,285,334)	(1,395,538)
Net Cash from (used for) Financing Activities	(2,285,334)	(1,128,238)
Net Change in Cash and Cash Equivalents	714,779	339,844
Cash and Cash Equivalents, Beginning of Year	1,221,880	882,036
Cash and Cash Equivalents, End of Year	\$ 1,936,659	\$ 1,221,880
Supplemental Disclosure		
Cash payments for		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

Notes to the Financial Statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Da-Vi Nails Salon and Spa, LLC (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

*Organization and Description of Business*

Da-Vi Nails Salon and Spa, LLC (the Company) was organized under the laws of the State of Utah on March 1, 2010, as a limited liability company. The Company is engaged in the business of franchising nail salons located in Walmart stores and other shopping mall locations throughout the United States. The Company sells franchises to individuals and groups and then provides training and certain franchise maintenance services to the franchisees.

*Basis of Presentation*

The financial statements and accompanying notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of Da-Vi Nails Salon and Spa, LLC.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows the Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

## Notes to the Financial Statements

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### *Accounts Receivable and Allowance for Doubtful Accounts*

Accounts receivable are carried at their estimated collectible amounts. The Company's accounts receivable are generally short-term in nature; thus, the Company does not accrue finance or interest charges. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Based on management's evaluation, an allowance for doubtful accounts has been established. Such allowance was \$460,662 and \$800,872 at December 31, 2021 and 2020 respectively.

### *Inventory*

Inventory consists principally of supplies and is stated at the lower of cost or market. Cost is determined using the average cost method.

### *Property and Equipment*

Property and equipment are stated at the lower of cost or net-realizable value. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.

### *Income Taxes*

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by the Company. Members are taxed individually on their share of the Company's earnings. The Company's net income (loss) is allocated among the members proportionate to their ownership. The Company is no longer subject to examination by federal and state taxing authorities for years prior to 2018.

### *Advertising and Promotion*

All costs associated with advertising and promoting the Company's goods and services are expensed in the year incurred. The Company did not have any advertising costs charged to expense during the years ended December 31, 2021 and 2020.

Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

## Notes to the Financial Statements

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### *Revenue Recognition*

The Company recognizes revenue for financial reporting purposes from franchise sales when it has substantially fulfilled its commitment to build out a franchisee location and provide training to the franchisee. Rent revenue and revenue from royalties and administrative fees are recognized when earned. Revenues are primarily derived from: 1) the selling of franchises; 2) the collection of rent revenue; and 3) the collection of royalties and administrative fees for various services to the franchisees. Other income sources include the selling of supplies, and administration fees for insurance. At year end, there were not significant additional commitments and obligations related to franchise agreements. Additionally, the Company earns revenue from the sale of products to franchisees. Revenue from such sales is recognized as earned. The Company adopted the provisions of FASB accounting standard ASC 606 "Revenue for Contracts and Customers" during 2020. The affect of adopting this standard did not have a material affect on the financial statements for the year ended December 31, 2020. At December 31, 2021, there were approximately 399 franchises in operation.

### *Concentrations of Credit Risk*

The Company's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company maintains its cash balances at financial institutions it believes to be financially sound. At times such balances may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

### *Reclassifications*

Certain reclassifications have been mane in the 2020 financial statements to conform with the 2021 presentation.

### NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2021 and 2020:

	2021	2020
Accounts and receivable	\$ 519,142	\$ 871,782
Less allowance for bad debt	(460,662)	(800,872)
	<u>\$ 58,480</u>	<u>\$ 70,910</u>

Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

## Notes to the Financial Statements

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### NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021 and 2020:

	2021	2020
Building improvements	\$ 112,825	\$ 112,825
Vehicles and transportation equipment	208,106	208,106
Furniture and equipment	82,781	82,781
	403,712	403,712
Less accumulated depreciation	(336,825)	(312,902)
	<u>\$ 66,887</u>	<u>\$ 90,810</u>

### NOTE 4 – RESERVATION AND SECURITY DEPOSITS

As of December 31, 2021 and 2020 the Company had received deposits from franchisees in the amounts of \$2,812,772 and \$2,902,723 respectively. These deposits consist of two types of deposits. The Company receives reservation deposits from potential franchisees to acquire the rights for future locations as they become available. The deposits do not accrue interest and are refundable at the franchisee's request within 30 days. Additionally, the Company requires that franchisees with stores and certain other tenants pay a security deposit of first month's rent.

Reservation and security deposits as of December 31, 2021 and 2020 were as follows:

	2021	2020
Reservation deposits	\$ 684,500	\$ 970,500
Security deposits	2,128,272	1,932,223
	<u>\$ 2,812,772</u>	<u>\$ 2,902,723</u>

Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

## Notes to the Financial Statements

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### NOTE 5- LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA) with interest at 3.75% per annum due in monthly installments of \$789 commencing January 14, 2023, secured by substantially all assets of the Company.	\$ 158,707	\$ 149,900
Paycheck Protection Program (PPP) Loan	-	117,400
Total	<u>158,707</u>	<u>267,300</u>
Less Current Portion	<u>-</u>	<u>117,400</u>
Net long-term liabilities	<u><u>\$ 158,707</u></u>	<u><u>\$ 149,900</u></u>

Maturities on long-term debt as of December 31, 2021 were as follows:

Year ending December 31,	
2022	\$ -
2023	3,378
2024	3,490
2025	3,640
2026	3,779
Thereafter	144,420
	<u><u>\$ 158,707</u></u>



Da-Vi Nails Salon and Spa, LLC  
December 31, 2021 and 2020

**Notes to the Financial Statements**

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**NOTE 6- FRANCHISE LEASING ARRANGEMENTS**

The Company has a master lease with Walmart Stores East, LP (Walmart) in which it leases space to be used for nail salons within various Walmart store locations throughout the United States. The master lease provides that the Company may enter into a separate agreement with each Walmart store to lease space to be used as a nail salon. The Company will then complete the construction on the space and sublease the space to a franchisee. The agreement was effective on March 6, 2009 under a former entity. The agreement is effective for the Company from its date of inception through the date when every agreement with each individual Walmart terminates. The Company has second master lease with Walmart, effective beginning November 20, 2018, in which it leases space to be used for lash salons within various Walmart store location throughout the United States. The Company also has agreements in place with certain mall locations similar to the master leases discussed above except that in each location the agreement is for one location. For each of these lease agreements, the Company is still liable should the individual franchisees default on payment. However, at the time such situation occurs, management has historically found another franchisee for the location in default. Rent revenue related to these leases was \$16,632,936 and \$11,060,480 for the years ended December 31, 2021 and 2020 respectively. Rent expense related to these leases was \$9,163,076 and \$6,470,160 for the years ended December 31, 2021 and 2020 respectively.

**NOTE 7 – CONCENTRATIONS**

During the year ended December 31, 2021 and 2020 the Company received approximately 96 and 96% respectively of its rent revenue through its master lease agreements with Walmart in which it is able to franchise out nail and lash salons within various Walmart stores. Additionally, approximately 92 of the Company's rent expense was paid to Walmart during the same periods. A loss of the master lease agreement with Walmart would have a substantial impact on the future operations of the Company.

At December 31, 2021 the Company had deposits with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation of \$1,754,947.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

At December 31, 2021 and 2020 the Company had advanced a total of \$16,163,829 and \$12,786,483 to affiliates. These amounts are unsecured and are due any time after December 31, 2022 without interest.

During the years ended December 31, 2021 and 2020 the Company paid a total of \$240,000 in each year to an affiliate of the Company as rent on commercial office space. Rental amounts are paid on a discretionary basis and are due month to month.

**NOTE 9 – OTHER INCOME**

The Company received a \$117,400 PPP Loan (Paycheck Protection Program Loan) in accordance to the CARES Act (Coronavirus Aid, Relief, and Economic Security Act). The loan was recorded as a liability upon receipt of the funds. The Company received forgiveness for the full amount of the debt, pursuant to provisions in the CARES act. The debt forgiveness was recognized as income when the debt was forgiven.

#### NOTE 10 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions for potential recognition through March 31, 2022 the date these financial statements were available to be issued.

# Da Vi Nails Salon and Spa, LLC

## UNAUDITED FINANCIAL STATEMENTS

November 30, 2023

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CO

# DAVI NAILS and SPA LLC

## Unaudited Balance Sheet

As of November 30, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	\$292,648.00
Accounts Receivable	
Accounts Receivable	1,456,156.73
<b>Total Accounts Receivable</b>	<b>\$1,456,156.73</b>
Other Current Assets	
Allowance for Doubtful Accounts	-237,200.92
Audit A/R Adjustments	15.00
Audit Prepaid Expenses	95,547.27
Bien Le Loan	1,500.00
Due from Affordable Merchant	140,912.55
Due from Em Beauty Supply LLC	4,233,661.03
Due from Tru Utah Construction	760,403.95
Due From Truong Properties LLC	18,162,168.06
Inventory Asset	218,083.25
Investment in Venetian Nail Salon	447,506.00
Keith Webb Loan	1,300.00
Le Tang Loan	30,500.00
Le Tang Loan (RV)	5,000.00
Travis Raddon Loan	3,000.00
Uncategorized Asset	60.00
Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$23,862,456.19</b>
<b>Total Current Assets</b>	<b>\$25,611,260.92</b>
Fixed Assets	
Accumulated Depreciation	-355,833.71
Buildings and Improvements	112,825.14
Furniture and Office Equipment	89,116.47
Vehicles / Warehouse Equipment	208,555.99
<b>Total Fixed Assets</b>	<b>\$54,663.89</b>
Other Assets	
Leased Right-of-Use Asset	18,037,961.31
Lessor Cash Flow Asset	31,529,128.94
Security Deposit Asset	4,657.00
<b>Total Other Assets</b>	<b>\$49,571,747.25</b>
<b>TOTAL ASSETS</b>	<b>\$75,237,672.06</b>

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	468,798.14
<b>Total Accounts Payable</b>	<b>\$468,798.14</b>
Credit Cards	<b>\$ -49,390.67</b>
Other Current Liabilities	
16% Received	-90,538.94
A/P Adj	0.00
CC Adj	0.00
Deferred Rent Income	5,015.00
EIDL Loan	161,904.87
EIDL - Short Term Portion	3,328.57
<b>Total EIDL Loan</b>	<b>165,233.44</b>
Rent Payable - Other Stores	7,350.00
Rent payable - Walmart	0.00
Reservation Deposits	1,992,143.53
Security Deposits	2,340,404.17
<b>Total Other Current Liabilities</b>	<b>\$4,419,607.20</b>
<b>Total Current Liabilities</b>	<b>\$4,839,014.67</b>
Long-Term Liabilities	
Lease Cash Flow Liability to Walmart	18,037,961.31
Lessor Right-of-Use Liability	31,529,128.94
<b>Total Long-Term Liabilities</b>	<b>\$49,567,090.25</b>
<b>Total Liabilities</b>	<b>\$54,406,104.92</b>
Equity	
COVID Relief	0.00
Members' Equity	17,514.23
Contribution	636,320.69
Draws	-4,915,834.53
<b>Total Members' Equity</b>	<b>-4,261,999.61</b>
Opening Balance Equity	-131,691.32
Retained Earnings	22,273,563.50
Net Income	2,951,694.57
<b>Total Equity</b>	<b>\$20,831,567.14</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$75,237,672.06</b>

# DAVI NAILS and SPA LLC

## Unaudited Profit and Loss

January - November, 2023

	TOTAL
Income	
Current/Floating Income	
Lease Income	
Lease Fee Income	
Collection Fee Income	134,084.11
Deposit Forfeiture Fee	1,500.00
Late Fees	21,707.02
Renewal Fees	54,776.00
Returned ACH Fees	10,986.50
Transfer Fee	91,641.00
<b>Total Lease Fee Income</b>	<b>314,694.63</b>
Lease Fine Income	
Inspection Fines	4,800.00
Lease Fines	77,501.00
<b>Total Lease Fine Income</b>	<b>82,301.00</b>
Lease Rent Income	
DVN RENT	11,696,981.02
ELS RENT	2,043,822.25
OTHER RENT	118,106.68
<b>Total Lease Rent Income</b>	<b>13,858,909.95</b>
<b>Total Lease Income</b>	<b>14,255,905.58</b>
Non-Lease Income	
Fee Income	
ACH Origination Fee	17,548.76
Processing Fees	1,474.03
<b>Total Fee Income</b>	<b>19,022.79</b>
Sales	610.00
Customer Credits	-18,321.90
Furniture and Decor	174,540.99
Markup	653.31
Nails Tables	13,009.00
Picture and Signsies	3,961.25
Shipping and Delivery Income	32,596.82
Spas	15,000.00
Supplies	4,985.77
<b>Total Sales</b>	<b>227,035.24</b>
Services	63,985.00
Architect Income	24,800.00
Credit Card Terminals	1,361.99
Annual Fees	4,071.96
Monthly Fees	1,247.68

	TOTAL
<b>Total Credit Card Terminals</b>	<b>6,681.63</b>
Remodel Income	423,695.73
White Box Income	241,670.00
<b>Total Services</b>	<b>760,832.36</b>
<b>Total Non-Lease Income</b>	<b>1,006,890.39</b>
<b>Total Current/Floating Income</b>	<b>15,262,795.97</b>
Permanent/Fixed Income	
Liability Insurance income	452,039.25
<b>Total Permanent/Fixed Income</b>	<b>452,039.25</b>
Royalty Income	1,000.00
Uncategorized Income	13,255.79
<b>Total Income</b>	<b>\$15,729,091.01</b>
Cost of Goods Sold	
Architecture	22,900.00
Commissions	37,600.00
Cost of Goods Sold	-1,151.00
Freight and Shipping Costs	68,274.22
Materials and Supplies	580,192.14
Printing and Reproduction	11,059.75
Subcontractor	750,231.31
Conversion ELS	3,000.00
New Store Build	69,557.45
Remodel Expense	77,749.21
White Box	3,150.00
<b>Total Subcontractor</b>	<b>903,687.97</b>
<b>Total Cost of Goods Sold</b>	<b>\$1,622,563.08</b>
<b>GROSS PROFIT</b>	<b>\$14,106,527.93</b>
Expenses	
Current/Floating Expenses	
Advertising and Promotion	2,489.92
Automobile Expense	6,022.77
Fuel	4,782.09
Parking	179.00
<b>Total Automobile Expense</b>	<b>10,983.86</b>
Bad Debt	2,450.19
Bank Service Charges	10,750.34
Business Licenses and Permits	15,488.05
Computer and Internet Expenses	28,149.28
Current Insurance Expense	-344.00
Donation	6,560.30
Dues and Subscriptions	9,612.46
Employee Appreciation	141,706.67
Health & Dental Insurance	112,720.33
Janitorial Expense	9,198.99
Office Expense	48,290.71

	TOTAL
Payroll Expenses	669,485.48
Postage and Delivery	4,255.47
Professional Fees	1,450.00
Accounting	48,881.74
Legal Fees	45,695.25
<b>Total Professional Fees</b>	<b>96,026.99</b>
Refund	-3,270.35
Rent Expense	29,030.75
OFFICE RENT EXPENSE	250,711.15
OTHER RENT EXPENSE	238,373.92
Termination Fee Expense	236,518.01
WALMART RENT EXPENSE	8,630,385.26
<b>Total Rent Expense</b>	<b>9,385,019.09</b>
Repairs & Maintenance	6,244.75
Taxes	17,406.12
Personal Property Tax	10,415.60
Sales Tax paid	1,195.55
State Franchise Tax	9,542.97
<b>Total Taxes</b>	<b>38,560.24</b>
Telephone Expense	6,372.13
Travel & Entertainment	16,056.05
Air and Other Transport	66,138.80
Lodging	31,844.41
Meals & Entertainment	19,910.08
<b>Total Travel &amp; Entertainment</b>	<b>133,949.34</b>
Utilities	10,076.04
Gas and Electric	13,471.13
Waste disposal	4,729.48
Water	1,340.76
<b>Total Utilities</b>	<b>29,617.41</b>
<b>Total Current/Floating Expenses</b>	<b>10,764,317.65</b>
Customer Credit Expense	19,955.92
Inspections	147,650.00
Medical Expense	3,279.37
Permanent/Fixed Expenses	4,947.13
Liability Insurance Expense	259,570.00
<b>Total Permanent/Fixed Expenses</b>	<b>264,517.13</b>
Purchases	190.67
Uncategorized Expense	1,426.82
<b>Total Expenses</b>	<b>\$11,201,337.56</b>
NET OPERATING INCOME	<b>\$2,905,190.37</b>
Other Income	
Interest Income	40,570.20
Other Income	11,484.00
<b>Total Other Income</b>	<b>\$52,054.20</b>



	TOTAL
Other Expenses	
Other Expenses	5,550.00
<b>Total Other Expenses</b>	<b>\$5,550.00</b>
NET OTHER INCOME	<b>\$46,504.20</b>
NET INCOME	<b>\$2,951,694.57</b>

# EXHIBIT F

## DA VI NAILS SALON AND SPA, LLC

### LIST OF FRANCHISEES (LICENSEES)

(As of December 31, 2022)

<u>State</u>	<u>City</u>	<u>Address</u>	<u>Telephone</u>	<u>Sq Ft</u>	<u>Grand Opening</u>	<u>Name</u>
AL	Gardendale #1201	DaVi Nails inside WM #1201 890 Odum Rd Gardendale, AL 35071	205-631-8821	561 s.f.	11/25/2016	Liem Thanh Tran & Hue Nguyen
AL	Saraland #1212	DaVi Nails inside WM #1212 1095 Industrial Pkwy Saraland, AL 36571	251-679-1448	540 s.f.	10/1/2019	My Thanh Nguyen
AL	Fairhope #4333	DaVi Nails inside WM #4333 10040 Co Rd 48 Fairhope, AL 36532	205-990-7432	940 s.f.	6/1/2018	Yingxian Xiang
AR	Russelville #58	DaVi Nails inside WM #58 2409 East Main Street Russellville, AR 72802	479-498-2343	635 s.f.	10/26/2005	Jennifer Cao
AZ	Prescott #1417	DaVi Nails inside WM #1417 3050 North Hwy 69 Prescott, AZ 86301	928.541.9488	504 s.f.	10/29/2003	Joe Nguyen Kim Trinh Thi Le
AZ	Peoria #1533	DaVi Nails inside WM #1533 7975 W Peoria Avenue Peoria, AZ 85345	623-878-5070	979 s.f.	11/7/2007	Viet Hong Vo
AZ	Kingman #2051	DaVi Nails inside WM #2051 3396 No. Stockton Hill Road Kingman, AZ 86401	928-681-4242	619 s.f.	1/26/2005	Thanh Chi Nguyen
AZ	Chandler #3360	DaVi Nails inside WM #3360 2750 E. Germann Road Chandler (Airport), AZ 85249	480-963-7028	404 s.f.	7/18/2007	Tuoi Ngoc Dao & Hoa Thi Le Tran
AZ	Prescott Valley #3730	DaVi Nails inside WM #3730 3450 N Glassford Hill Rd Prescott Valley, AZ 86314	928-988-7788	774 s.f.	1/15/2014	Nhu Cam Ho
AZ	Mesa #3833	DaVi Nails inside WM #3833 1606 South Signal Butte Road Mesa, AZ 85206	480-984-5630	979 s.f.	1/22/2007	A T Nail Tech Inc.

AZ	Glendale #5124	DaVi Nails inside WM #5124 5605 W Northern Ave Glendale, AZ 85301	623-847-4018	693 s.f.	10/28/2011	Vu Minh Nguyen
AZ	Phoenix (Anthem) #5329	DaVi Nails inside WM #5329 4435 W Anthem Way Anthem, AZ 85086	623-551-2257	693 s.f.	2/15/11	Hai The Pham Ut Thi Hong Nguyen
AZ	Phoenix #5330	DaVi Nails inside WM #5330 6145 North 35Th Avenue Phoenix, AZ 85017	602-589-9107	504 s.f.	4/13/2005	Danielle Le
AZ	Yuma #5342	DaVi Nails inside WM #5342 2501 South Avenue 'B' Yuma (W), AZ 85364	928-317-0355	1008 s.f.	11/3/2004	Hung N. Thai
AZ	Phoenix #2113	Em Lash Studio inside WM #2113 1607 W Bethany Home Rd Phoenix, AZ 85015	602-864-7382	561 s.f.	5/1/19	DILLAN LLC
AZ	Phoenix #3771	Em Lash Studio inside WM #3771 6150 S 35th Ave Phoenix, AZ 85041	(602) 268-6776	828 s.f.	10/1/20	GIANA LLC
AZ	Phoenix #5330	Em Lash Studio inside WM #5330 6145 N 35th Ave Phoenix, AZ 85017	(602) 249-9000	561 s.f.	2/1/21	SAHANA LLC
AZ	Phoenix #2512	Em Lash Studio inside WM #2512 1825 W Bell Rd Phoenix, AZ 85023	(602) 466-2000	710 s.f.	9/1/21	GIANA LLC
CA	Stockton #1554	DaVi Nails inside WM #1554 3223 E. Hammer Lane Stockton, CA 95212	209-478-3789	1008 s.f.	10/20/2004	Diem Chau Ho
CA	Bakersfield #1574	DaVi Nails inside WM #1574 6225 Colony St. Bakersfield, CA 93307-6538	661-837-8425	847 s.f.	10/28/09	Tuan Thanh Ly
CA	Victorville #1588	Davi Nails inside WM #1588 11896 Amargosa Rd Victorville, CA 92392	760-812-3966	437 s.f.	6/14/2017	LLE Enterprise, Inc. Leon Q. Le
CA	Perris #1747	DaVi Nails inside WM #1747 1800 N. Perris Blvd Perris, CA 92571	951-443-0459	400 s.f.	8/26/2015	Lang Can Tran & Lani Lam
CA	Lodi #1789	DaVi Nails inside WM #1789 1600 Westgate Drive Lodi, CA 95242	209-368-2558	679 s.f.	7/13/2016	Rocky Q. Truong
CA	Palm Springs #1832	DaVi Nails inside WM #1832 5601 East Ramon Road Palm Springs, CA 92262	760-322-3181	1008s.f.	10/26/2005	Xuan Thi Tuyet Le
CA	Gilroy #2002	DaVi Nails inside WM #2002 7150 Camino Arroyo Gilroy, CA 95020	408-848-8004	1008 s.f.	9/28/2005	D&D Nails Salon Inc.

CA	Westminster #2495	DaVi Nails inside WM #2495 13331 Beach Blvd Westminster, CA 92683	657-505-4149	260 s.f.	5/24/2015	Helen Hoa Lien Phan
CA	Fresno #2985	DaVi Nails inside WM #2985 7065 N Ingram Ave Fresno, CA 93650	559-708-2296	770 s.f.	9/15/2018	Vidya Enterprises Inc.
CA	Hesperia #4340	DaVi Nails inside WM #4340 13401 Main St. Hesperia, CA 92345	760-244-4666	764 s.f.	9/12/2012	Tammy Thi Duong
CA	Victorville #4392	DaVi Nails inside WM #4392 12234 Palmdale Road Victorville, CA 92392	760-241-1972	769 s.f.	4/6/2014	Duc T Nguyen
CA	Palm Desert #5096	DaVi Nails inside WM #5096 34500 Monterey Avenue Palm Desert (C.City, CA 92260	760-321-6878	1008 s.f.	6/28/2006	Nancy Cao
CA	Bakersfield #5134	DaVi Nails inside WM #5134 5075 Gosford Rd Bakersfield, CA 93313	661-665-1481	700 s.f.	3/17/2010	Nhan Van Pham
CA	Marysville #5136	DaVi Nails inside WM #5136 1131 North Beale Road Marysville, CA 95901	530-742-0268	913 s.f.	11/2/2005	Thuy Thi Phan
CA	Rosemead #5154	DaVi Nails inside WM #5154 1827 Walnut Grove Blvd Rosemead, CA 91770	626-307-6963	552 s.f.	9/18/2006	Richard Nguyen Cindy Phan Nguyen
CA	Santa Clarita #5162	DaVi Nails inside WM #5162 27931 Kelly Johnson Pkwy Santa Clarita, CA 91355	661-702-1975	819 s.f.	9/1/2018	Dung Anh Tran Hoa Binh Tran
CA	Moreno Valley #5193	DaVi Nails inside WM # 5193 12721 Moreno Beach Drive Moreno Valley, CA 92555	951-601-2048	1008 s.f.	1/31/2006	DaVi Nails Moreno Valley Inc.
CA	Brawley #5335	DaVi Nails inside WM # #5335 250 Wildcat Drive Brawley, CA 92227	760-344-3665	1182 s.f.	10/15/2008	Doanh N Pham
CA	Clovis #5337	DaVi Nails inside WM #5337 1185 Herndon Ave Clovis, CA 93612	559-297-1421	722 s.f.	9/1/2018	Vidya Enterprises Inc.
CA	San Diego #5338	DaVi Nails inside WM #5338 4840 Shawline St San Diego, CA 92111	858-874-7605	540 s.f.	5/19/2004	Rick L. Tran
CA	Tanforan Mall, San Bruno	DaVi Nails at Tanforan 1150 El Camino Real San Bruno, CA 94066	650-589-5468	s.f.	11/1/2005	Vinh T. Trinh & Ly Hai
CA	Bakersfield #1624	Em Lash Studio inside WM #1624 2601 Fashion Plaza Bakersfield, CA 93306	(661) 371-4196	293 s.f.	2/1/2020	Rayyez Inc

CA	Bakersfield #5134	Em Lash Studio inside WM #5134 5075 Gosford Rd Bakersfield, CA 93313	(661) 529-2589	504 s.f.	2/1/2020	AIIR INC.
CA	Fresno #2001	Em Lash Studio inside WM #2001 5125 E Kings Canyon Rd Fresno, CA 93727	(559) 708-2296	466 s.f.	2/1/2020	Mannat Beauty Inc.
CA	Hanford #1645	Em Lash Studio inside WM #1645 250 S 12th Ave Hanford, CA 93230	(559) 587-5744	561 s.f.	5/1/2021	Mannat Beauty Inc.
CA	Bakersfield #1574	Em Lash Studio inside WM #1574 6225 Colony St Bakersfield, CA 93307	(661) 855-5911	316 s.f.	2/1/2021	AIIR INC.
CA	Dinuba #5394	Em Lash Studio inside WM #5394 770 W El Monte Way Dinuba, CA 93618	(559) 591-6001	619 s.f.	5/1/2021	Mannat Beauty Inc.
CO	Canon #1019	DaVi Nails inside WM #1019 3105 Hwy 50 East Canon City, CO 81212	719-276-0520	426 s.f.	7/11/2007	Dung Quoc Pham
CO	Lafayette #1045	DaVi Nails inside WM #1045 745 North Hwy 287 Lafayette, CO 80026	303-665-8274	979 s.f.	8/8/2007	Ngo Phan Inc.
CO	Colorado Springs/ Fountain #3018	DaVi Nails inside WM #3018 4425 Venetucci Blvd Colorado Springs, CO 80906	719-576-0143	734 s.f.	7/15/2015	Sang Doan
CO	Broomfield #4288	DaVi Nails inside WM #4288 4651 W 121st Ave. Broomfield, CO 80020	303-464-8994	850 s.f.	5/19/2010	Na LLC
CO	Thornton #4567	DaVi Nails inside WM #4567 7101 E 128th Ave Thornton, CO 80241	303-457-2112	800 s.f.	7/21/2010	Bich Thuy Thi Tran
CO	Aurora #5137	DaVi Nails inside WM #5137 6101 South Aurora Parkway Aurora (Se), CO 80016	303-699-8041	504 s.f.	10/27/2004	DaVi Nails LLC
CT	East Windsor #2282	DaVi Nails inside WM #2282 44 Prospect Hill Rd East Windsor, CT 06088	860-627-0816	548 s.f.	11/1/2013	Uyen Tu Pham
CT	Milford #5294	DaVi Nails inside WM #5294 1365 Boston Post Rd Milford, CT 06460	203-269-2988	780 s.f.	6/1/2019	Diem T. Marcuccio & Ha Le
CT	West Haven #3803	Em Lash Studio inside WM #3803 515 Saw Mill Rd West Haven, CT 06516	(203) 747-8672	531 s.f.	2/1/2020	Noor Eyebrows And More LLC
DE	Camden #5039	DaVi Nails inside WM #5039 263 Wal-Mart Drive Camden, DE 19934	302-698-9121	896 s.f.	3/14/2005	Tai Quy Ly Da. Vi Nails LLC

FL	Stuart #1087	DaVi Nails inside WM #1087 4001 Se Federal Hwy Stuart, FL 34997	772-288-6900	504 s.f.	1/25/2006	Kavan Dinh Van
FL	Jacksonville Beach #1172	DaVi Nails inside WM #1172 13490 Beach Blvd Jacksonville Beach, FL 32224	904-223-5151	979 s.f.	3/7/2008	Seang K NY Inc.
FL	Starke #1283	DaVi Nails inside WM #1283 14500 Us Hwy 301 So. Starke, FL 32091	904-964-7878	535 s.f.	10/26/2005	Nga Thi Nguyen
FL	Pinellas Park #1390	DaVi Nails inside WM #1390 8001 Us Highway 19 N Pinellas Park, FL 33781	727-576-6166	693 s.f.	12/12/2013	Hoang Oanh Ngoc Nguyen
FL	Cocoa #174	DaVi Nails inside WM #174 2700 Clearlake Road Cocoa, FL 32922	321-631-2024	561 s.f.	9/13/2013	Doan Mai LLC
FL	Cooper City #1845	DaVi Nails inside WM #1845 4700 S Flamingo Rd Cooper City, FL 33330	954-252-3325	365 s.f.	6/17/2014	Huong Van
FL	Brandon #2387	DaVi Nails inside WM #2387 11110 Causeway Blvd Brandon (West), FL 33511	813-654-3401	448 s.f.	2/15/2007	Kieu Loan Nguyen My Nhu Lam
FL	Florida City #2727	DaVi Nails inside WM #2727 33501 S Dixie Hwy Florida City, FL 33034	305-245-8300	695 s.f.	11/5/2014	Hoang T. Vo
FL	Hollywood #3163	DaVi Nails inside WM #3163 301 S State Road 7 Hollywood, FL 33023	954-983-1396	710 s.f.	7/1/2021	Lam Nguyen
FL	Naples #3417	DaVi Nails inside WM #3417 6650 Collier Blvd Naples, FL 34114	239-659-7000	926 s.f.	3/14/2007	Steven Lam & Loan T. Huynh
FL	Navarre #3439	DaVi Nails inside WM #3439 9360 Navarre Pkwy Navarre, FL 32566	850-939-3255	619 s.f.	2/1/2021	Son Minh Le
FL	Lauderdale Lakes #3625	DaVi Nails inside WM #3625 3001 North State Road #7 Lauderdale Lakes, FL 33313	954-706-7929	972 s.f.	5/7/2016	Thuy Thi Bich Lai
FL	Orlando #3782	DaVi Nails inside WM #3782 5991 S Goldenrod Rd, Orlando, FL 32822	407-401-9594	489 s.f.	3/30/2021	Lena Nguyen & Tina Nguyen
FL	Avon Park #3887	DaVi Nails inside WM #3887 1041 Us Highway 27 North Avon Park, FL 33825	863-452-1494	462 s.f.	8/13/2008	Tung Huu Le Nguyen
FL	Orlando #4332	DaVi Nails inside WM #4332 8990 Turkey Lake Road Orlando, FL 32819	407-363-0091	979 s.f.	6/13/2007	Lam Van Le Thanh Ha Nguyen

FL	Ocala #4368	DaVi Nails inside WM #4368 34 Bahia Ave Ocala, FL 34472	352-680-9020	749 s.f.	10/31/2013	Steven Gralenski
FL	St. Petersburg #5218	DaVi Nails inside WM #5218 3501 34th St S St Petersburg, FL 33711	727-866-9000	561 s.f.	8/31/2012	Dieu & Nguyet Thi Nguyen
FL	Kissimmee #5250	DaVi Nails inside WM #5250 904 Cypress Pkwy Kissimmee, FL 34759	407-518-9199	505 s.f.	8/1/2013	Lam C. Pham
FL	Osprey #5264	DaVi Nails inside WM #5264 13140 South Tamiami Trail Osprey, FL 34229	941-966-6800	561 s.f.	10/23/2019	Li Li Mak
FL	Clermont #5299	DaVi Nails inside WM #5299 550 US - 27 Clermont, FL 34714	352-277-4584	619 s.f.	10/1/2020	Linh Vo
FL	Gibsononton #5300	DaVi Nails inside WM #5300 9205 Gibsononton Dr Gibsononton, FL 33534	813-741-9000	404 s.f.	10/21/2013	Tam T Nguyen
FL	Estero/Fort Myers #5347	DaVi Nails inside WM #5347 19975 S. Tamiami Trail Fort Myers, FL 33967	239-432-9432	728 s.f.	8/26/2015	My Thoai Thi Nguyen
FL	Gainesville #538	DaVi Nails inside WM #538 5700 NW 23rd St Gainesville, FL 32653	352-377-6665	619 s.f.	2/1/2013	Mai Duyen Thi Tran
FL	Orange City #563	DaVi Nails inside WM #563 2400 Veterans Memorial Pkwy Orange City, FL 32763	386-228-4014	426 s.f.	11/15/2013	Linh Dieu Nguyen
FL	Homestead #5671	DaVi Nails inside WM #5671 13600 Sw 288th St Homestead, FL 33033	305-248-7747	748 s.f.	9/16/2021	Tai T. Duong Sergio R. Alonso
FL	Pembroke Pines #5932	DaVi Nails inside WM #5932 12800 Pines Blvd. Pembroke Pines, FL 33027-1708	954-272-9799	850 s.f.	1/25/12	Thom Thi Pham
FL	Jacksonville #6978	DaVi Nails inside WM #6978 7075 Collins Road Jacksonville, FL 32244	904-513-4921	821 s.f.	4/20/2016	Vu Nguyen
FL	Auburndale #718	DaVi Nails inside WM #718 2120 Us Highway 92 W Auburndale, FL 33823	863-967-3343	640 s.f.	3/13/2013	Davi Nails #718 LLC
FL	Merritt Island #771	DaVi Nails inside WM #771 1500 E Merritt Island Cswy Merritt Island, FL 32952	321-704-8555	600 s.f.	11/27/2007	Nguyen Nails & Spa LLC Huu anh Nguyen
FL	Okechobee #814	DaVi Nails inside WM #814 2101 S.E. Parrott Ave. Okechobee, FL 34974	863-763-6488	540 s.f.	12/15/2005	Trung Quoc Tran

FL	Sanford #857	DaVi Nails inside WM #857 3653 Orlando Drive Sanford, FL 32772	407-330-2284	448 s.f.	8/15/2005	Ngoc Huong Thi Ngo
FL	Orlando #890	DaVi Nails inside WM #890 11250 E. Colonial Dr Orlando, FL 32817	407-403-2375 407-382-0222	426 s.f.	4/15/2014	Trang Nghiem Tu Nguyen
FL	Bushnell #959	DaVi Nails inside WM #959 2163 West C-48 Bushnell, FL 33513	352-569-0695	523 s.f.	5/22/2006	Linda Lien Nguyen
FL	Englewood #1874	DaVi Nails inside WM #1874 2931 S Mccall Rd Englewood, FL 34224	941-460-9919	635 s.f.	7/1/2022	Truc Phuong Thi Dang
GA	Buford #1314	DaVi Nails inside WM #1314 3795 Buford Dr Buford, GA 30519	(470) 589-7260	806 s.f.	2/1/21	Kara Tram An Tran Kevin Dang Tran
GA	Duluth #2154	DaVi Nails inside WM #2154 2635 Pleasant Hill Road Duluth (Nw), GA 30096	678-670-2360	504 s.f.	5/19/2004	Dao Thi Xuan Tran Tien Nhat Phan
GA	Norcross #3067	DaVi Nails inside WM #3067 4975 Jimmy Carter Blvd Norcross, GA 30093	770-806-5899	710 s.f.	11/28/2013	Khiem Trong Tran
GA	Stone Mountain #3188	DaVi Nails inside WM #3188 5935 Memorial Dr. Stone Mountain, GA 30083	404-508-8290	748 s.f.	8/30/2013	My Dung Thi Dinh
GA	Atlanta #3741	DaVi Nails inside WM #3741 1105 Research Center Atlanta Dr. SW Atlanta, GA 30331	404-696-5005	709 s.f.	10/23/2013	Roberta Cutwright
GA	Buford #3786	DaVi Nails inside WM #3786 3250 Sardis Church Road Buford (E), GA 30519	678-482-1574	896 s.f.	10/18/2006	Phuong Vu Lan Hoang
GA	Lithonia #4472	DaVi Nails inside WM #4472 8424 Mall Parkway Lithonia, GA 30038	770-482-5900	751 s.f.	10/2/2013	Cuong Duc Nguyen
GA	Marietta #5390	DaVi Nails inside WM #5390 210 Cobb Pkwy SE S Marietta, GA 30060	770-422-0211	504 s.f.	9/15/2019	T & T Nail Salon, LLC
GA	Savannah #605	DaVi Nails inside WM #605 1955 E. Montgomery Crossroads Savannah, GA 31406	912-352-0555	504 s.f.	7/21/2004	Hong D. Pham
GA	La Grange #614	DaVi Nails inside WM #614 803 New Franklin Rd La Grange, GA 30240	706-884-7481	903 s.f.	7/14/2004	Mike Nguyen
GA	Savannah #635	DaVi Nails inside WM #635 6000 Ogeechee Road Savannah, GA 31419	912-920-4455	840 s.f.	7/19/2004	Tung Thanh Nguyen Kim V. Tran



GA	Monroe #780	DaVi Nails inside WM #780 2050 W Spring St Monroe, GA 30655	770-207-9914	640 s.f.	9/21/2012	Thien Quang Nguyen
GA	Oakwood #3627	Em Lash Studio inside WM #3627 3875 Mundy Mill Rd Oakwood, GA 30566	(678) 997-8816	640 sf.	8/7/2020	S & H Em Lash Studio Inc
GA	Chamblee #3621	Em Lash Studio inside WM #3621 1871 Chamblee Tucker Rd Chamblee, GA 30341	(678) 404-8264	644 s.f.	4/1/2021	SAMINA EM LASH STUDIO LLC
GA	Marietta #5390	Em Lash Studio inside WM #5390 210 Cobb Pkwy SE Marietta, GA 30060	(678) 503-2133	504 s.f.	4/1/2021	SAN BEAUTY LLC
HI	Kapolei #3883	DaVi Nails inside WM #3883 91-600 Farrington Hwy Kapolei, HI 96782	808-228-7758	444 s.f.	11/8/2014 reopen 7/10/2021	Family Nails LLC Thu Nguyen
HI	Pearl City #5274	DaVi Nails inside WM #5274 1131 Kuala St Pearl City, HI 96782	808-454-2886	251 s.f.	11/8/2014	Kimmie Nails LLC
IA	Indianola #1491	DaVi Nails inside WM #1491 1500 North Jefferson Indianola, IA 50125	515-961-8989	440 s.f.	7/20/2007	Sandy Nails & Spa, Inc. Jimmy Duc Nguyen
IA	Des Moines #3762	DaVi Nails inside WM #3762 6365 Stagecoach Drive West Des Moines, IA 50266	515-225-0089	926 s.f.	7/19/2006	Thuy Le & Hung Kim Nguyen
IA	Grimes #5748	DaVi Nails inside WM #5748 2150 E 1st St. Grimes, IA 50111	515-986-2255	774 s.f.	8/18/2010	Doan Thuc Nguyen Nguyet Thi Vo
IA	Windsor Heights #1764	Em Lash Studio inside WM #1764 1001 73rd St Windsor Heights, IA 50324	515-276-3036	455 s.f.	9/15/2022	BROW BEAUTY L.L.C.
ID	Ammon #1902	DaVi Nails inside WM #1902 1201 So. 25Th East Ammon, ID 83406	208.522.2903	672 s.f.	3/19/2003	KL Group LLC
ID	Chubbuck #1995	DaVi Nails inside WM #1995 4240 Yellowstone Ave Chubbuck, ID 83202	208-238-1616	550 s.f.	10/2/2008	Ly This Hong Young & Kenny Van Young
IL	Orland Hills #1556	DaVi Nails (Inside WM) #1556 9265 159th St. Orland Hills, IL 60487	708-645-4051	648 s.f.	7/1/2018	Shiv Shakti 1556 Inc.
IL	Zion #3893	DaVi Nails inside WM #3893 4000 Route #173 Zion, IL 60099	847-746-8995	810 s.f.	6/11/2008	DVi8 Corp.
IL	Algonquin #5060	DaVi Nails inside WM #5060 1410 S Randall Rd Algonquin, IL 60102	224-678-7155	858 s.f.	12/2/2014	Umyia Salon LLC Peena Patel

IL	Aurora #4405	Em Lash Studio inside WM #4405 2900 Kirk Rd Aurora, IL 60502	630 481-7999	924 s.f.	2/1/2020	JAY MELDIMAA 4405 LLC
IL	Bedford Park #1938	Em Lash Studio inside WM #1938 7050 S Cicero Ave Bedford Park, IL 60638	708-277-9370	413 s.f.	2/1/2020	EM LASH STUDIO 1938 LLC
IL	Cicero #3004	Em Lash Studio inside WM #3004 3320 South Cicero Avenue Cicero IL 60804	708-222-5555	700 s.f.	6/1/19	BHOLENATH EYEBROW LLC
IL	Crystal Lake #1413	Em Lash Studio inside WM #1413 1205 S Illinois Rte 31 Crystal Lake, IL 60014	815-310-3393	462 s.f.	2/1/2020	JRC BEAUTY INC.
IL	Elgin #1814	Em Lash Studio inside WM #1814 1100 S Randall Rd Elgin, IL 60123	224-268-1122	716 s.f.	11/13/19	JAY MAHAKALI 1814 LLC
IL	Forest Park #2204	Em Lash Studio inside WM #2204 1300 Des Plaines Ave Forest Park, IL 60130	708-328-6870	467 s.f.	2/1/2020	EM LASH STUDIO 1933 LLC
IL	Hodgkins #1892	Em Lash Studio inside WM #1892 9450 Joliet Rd Hodgkins, IL 60525	773-954-8958	650 s.f.	2/1/2020	SHIV SAKTI SALON INC
IL	Lockport #3790	Em Lash Studio inside WM #3790 16241 S Farrell Rd Lockport, IL 60441	708-990-7133	462 s.f.	2/1/2020	DEEVA BEAUTY 07 INC
IL	Morris #844	Em Lash Studio inside WM #844 333 US-6 Morris, IL 60450	815-710-5065	540 s.f.	5/1/19	Sarojbahen H. Patel & Megha D. Patel
IL	Mt. Prospect #1681	Em Lash Studio inside WM #1681 930 Mt Prospect Plaza Mt Prospect, IL 60056	773-982-8963	519 s.f.	5/1/19	Hinabahen & Riteshkumar Darji
IL	New Lenox #4529	Em Lash Studio inside WM #4529 501 E Lincoln Hwy New Lenox, IL 60451	708-552-7116	724 s.f.	2/1/2020	Jay Ambe Salon LLC Manish B. Patel
IL	Niles #2816	Em Lash Studio inside WM #2816 5630 W Touhy Ave Niles, IL 60714	847-989-0690	254 s.f.	11/15/19	Dharvi Inc.
IL	Northlake #1933	Em Lash Studio inside WM #1933 137 North Ave Northlake, IL 60164	708-316-7954	260 s.f.	2/1/2020	EM LASH STUDIO 1933 LLC
IL	Orland Hills #1556	Em Lash Studio inside WM #1556 9265 159th St. Orland Hills, IL 60487	708-364-6666	610 s.f.	2/1/2020	Jay Ganesh 1556 LLC
IL	Oswego #3400	Em Lash Studio inside WM #3400 2300 US-34 Oswego, IL 60543	630-554-4808	462 s.f.	2/1/2020	MSR UNITED INC.

IL	Plainfield #5038	Em Lash Studio inside WM #5038 12690 Illinois Rte 59 Plainfield, IL 60585	815-676-0809	684 s.f.	2/1/2020	ARBAZ ALINA INC.
IL	Romeoville #4531	Em Lash Studio inside WM #4531 420 S Weber Rd Romeoville, IL 60446	815-254-1430	464 s.f.	9/1/2020	ARBAZ ALINA INC
IL	Springfield #3602	Em Lash Studio inside WM #3602 1100 Lejune Dr Springfield, IL 62703	217-718-6870	464 s.f.	2/1/2020	DEV Salon INC
IL	Wheeling #1735	Em Lash Studio inside WM #1735 1455 E Lake Cook Rd Wheeling, IL 60090	847-613-4371	576 s.f.	2/1/2020	EM LASH STUDIO 1735 LLC
IL	Streamwood #1420	Em Lash Studio inside WM #1420 850 S Barrington Rd Streamwood, IL 60107	630-289-6418	545 s.f.	5/1/21	Om Shree Mahadev Inc.
IL	Richton Park #1497	Em Lash Studio inside WM #1497 22401 Central Ave Richton Park, IL 60471	708-364-6666	749 s.f.	1/16/2021	JAY AMBE EYEBROW INC
IL	Carpentersville #1531	Em Lash Studio inside WM #1531 365 Lake Marian Road Carpentersville, IL 60110	847-201-2220	749 s.f.	7/1/2021	HARI OM SHIV SAKTI SALON INC.
IL	Bridgeview #1779	Em Lash Studio inside WM #1735 10260 S Harlem Ave Bridgeview, IL 60455	708-387-7630	260 s.f.	2/1/2021	DHAN LAXMI EYEBROW LLC
IL	St. Charles #1898	Em Lash Studio inside WM #1898 150 Smith Rd Saint Charles, IL 60174	331-551-8384	518 s.f.	4/1/21	Zinal Vikram Patel
IL	Zion #3893	Em Lash Studio inside WM #3893 4000 Route #173 Zion, IL 60099	224-428-5594	640 s.f.	8/19/21	JAY NANBAI LLC
IL	Palatine #5276	Em Lash Studio inside WM #5276 1555 N Rand Rd Palatine, IL 60074	847-202-2202	251 s.f.	2/1/2021	OM SHIV SAKTI SALON INC.
IL	Olympia Field #4049	Em Lash Studio inside WM #4049 21000 Western Ave Olympia Fields, IL 60461	(708) 283-5185	773 s.f.	2/1/22	Navdurga Eyebrow LLC
IL	Homewood #5404	Em Lash Studio inside WM #5404 17550 South Halsted Street Homewood, IL 60430	708-816-8060	660 s.f.	2/1/22	JAY HANUMAN EYEBROW INC
IN	Richmond #1745	DaVi Nails inside WM #1745 3601 E Main St Richmond, IN 47374	765-914-1475	695 s.f.	2/15/17	Ha Pham
IN	Mishawaka #2678	Em Lash Studio inside WM #2678 316 Indian Ridge Blvd Mishawaka, IN 46545	574-273-5478	448 s.f.	11/12/19	VIGNAHARTA INC

IN	New Albany #2691	EM Lash Studio inside WM #2691 2910 Grant Line Rd New Albany, IN 47150	812-949-2699	390 s.f.	9/5/19	Navin Patel
IN	Plainfield #828	Em Lash Studio inside WM #828 2373 E Main St Plainfield, IN 46168	317-641-1630	404 s.f.	10/15/19	SHREE SAI KRISHNA LLC
IN	South Bend #3436	Em Lash Studio inside WM #3436 700 W Ireland Rd South Bend, IN 46614	773 343 8800	462 s.f.	9/1/20	SHIVAY INC
IN	Elkhart #2679	Em Lash Studio inside WM #2679 175 Country Road 6 W Elkhart, IN 46514	574-206-0982	561 s.f.	7/1/21	SHRI GOPAL INC
IN	Hammond #2818	Em Lash Studio inside WM #2818 7850 Cabela Dr Hammond, IN 46324	219-230-4138	772 s.f.	2/1/21	DURGA EYEBROW INC
KS	Wichita #1507	DaVi Nails inside WM #1507 3030 North Rock Rd Wichita, KS 67226	316-315-0123	840 s.f.	8/23/2004	Thu Thoa Ta & Dat Quoc Nguyen
KS	El Dorado #186	DaVi Nails inside WM #186 301 So. Village Road El Dorado, KS 67042	316-321-3644	640 s.f.	12/14/2007	<b>Yenhuy LLC</b> <b>Yen Hai Vo</b>
KS	Newton #2428	DaVi Nails inside WM #2428 1701 S Kansas Rd Newton, KS 67114	316-283-8015	640 s.f.	7/25/2014	Ngan Wells
KS	Manhattan #35	DaVi Nails inside WM #35 101 East Bluemont Avenue Manhattan, KS 66502	785-539-5112	1008 s.f.	3/17/2004	Joseph Nguyen
KS	Shawnee #4611	DaVi Nails inside WM #4611 5701 Silverheel St. Shawnee, KS 66226	913-422-7171	721 s.f.	10/23/2013	Duong T Nguyen
KS	Hutchinson #794	DaVi Nails inside WM #794 1905 E 17Th Street Hutchinson, KS 67501	620-662-6461	888 s.f.	1/17/2007	Hoang Duc Bach Thuy Thi Bich Tran
KY	Hazard #1247	DaVi Nails inside WM #1247 120 Daniel Boone Plz Hazard, KY 41701	606-487-1172	561 s.f.	5/6/14	Kim Vo LLC
KY	Louisville #589	Em Lash Studio inside WM #589 11901 Standiford Plaza Dr Louisville, KY 40229	502-873-5557	390 s.f.	10/23/19	Ronak N Brahmhatt
KY	Middletown #4450	Em Lash Studio inside WM #4450 12981 Shelbyville Rd Middletown, KY 40243	502-245-8555	723 s.f.	6/29/20	Om Sai Beauty LLC
KY	Shepherdsville #4118	Em Lash Studio inside WM #4118 545 Conestoga Parkway Lot 1 Shepherdsville, KY 40165	516 305 2011	740 s.f	7/15/20	SAI RAM BEAUTY LLC

KY	Florence #1510	Em Lash Studio inside WM #1510 7625 Doering Dr Florence, KY 41042	859-282-1581	404 s.f.	9/1/20	S B Florence LLC
KY	Lexington #3894	Em Lash Studio inside WM #3894 2350 Grey Lag Way Rd Lexington, KY 40509	870.307.1669	376 s.f.	6/5/21	Kiara Inc
KY	Louisville #6931	Em Lash Studio inside WM #6931 4840 Outer Loop Louisville, KY 40219	502-963-5801	769 s.f.	4/12/21	UMIYA BEAUTY LLC
KY	Richmond #719	Em Lash Studio inside WM #719 820 Eastern Bypass Richmond, KY 40475	606-425-8447	467 s.f.	4/6/22	Mana Beauty Enterprise LLC
KY	Paducah #491	Em Lash Studio inside WM #491 5130 Hinkleville Rd Paducah, KY 42001	270-908-5001	720 s.f.	8/31/22	SHREE UMIYA SALON LLC
LA	Lake Charles #1204	DaVi Nails inside WM #1204 3451 Nelson Rd Lake Charles, LA 70605	337-429-5552	695 s.f.	7/2/2015	Diem Minh Le Tran
MA	Ware #2386	DaVi Nails inside WM #2386 352 Palmer Rd Ware, MA 01082	413-967-4918	525 s.f.	4/8/2016	Linh Le
MA	Chicopee #5278	DaVi Nails inside WM #5278 591 Memorial Drive Chicopee, MA 01020	413-593-1552	968 s.f.	10/24/2007	Thuy T. Vu Chinh D. Pham
MA	Lynn #2139	Em Lash Studio inside WM #2139 780 Lynnway Lynn, MA 01905	(781) 595-4200	260 s.f.	2/1/2020	Isabella Roversi
MD	Waldorf #1717	DaVi Nails inside WM #1717 11930 Acton Lane Waldorf, MD 20601	301-396-3988	899 s.f.	11/9/2004	Nhanh Thi Le
MD	Frederick #2233	DaVi Nails inside WM #2233 7400 Guilford Drive Frederick, MD 21704	301-696-1400	978 s.f.	10/18/2006	Phuong Trinh Nguyen & Hoanh Thach
MD	Cockeysville #2577	DaVi Nails inside WM #2577 1 Frankel Way Cockeysville, MD 21030	410-628-1566	979 s.f.	10/24/2007	Bao Phan Corp.
MD	Frederick #2756	DaVi Nails inside WM #2756 2421 Monocacy Blvd, Frederick, MD 21701	301-631-9000	705 s.f.	1/25/17	Lam Tuyen Ngoc Huynh
MD	La Plata #2853	DaVi Nails inside WM #2853 40 Drury Dr La Plata, MD 20646	301-934-1888	540 s.f.	5/14/2012	DZA-Vi Nails & Spa
MD	Baltimore #3489	DaVi Nails inside WM #3489 6420 Petrie Way Baltimore, MD 21237	410-686-5459	528 s.f.	6/15/2005	Thinh Nguyen

MD	Landover Hills #5129	DaVi Nails inside WM #5129 6210 Annapolis Road Landover Hills, MD 20784	301-322-8916 301-322- 8917	528 s.f.	3/31/2007	Dongni D. Pho
MD	Aberdeen #1968	Em Lash Studio inside WM #1968 645 S Philadelphia Blvd Aberdeen, MD 21001	410-272-8230	747 s.f.	2/1/2022	Your Beautician Threading And Spa LLC
MD	Fallston #3780	Em Lash Studio inside WM #3780 303 Fallston Blvd Fallston, MD 21047	443-934-7813	845 s.f.	12/7/2022	OM TRISHUL LLC
ME	Ellsworth #1932	DaVi Nails inside WM #1932 17 Myrick St Lamoine, ME 04605	207-667-4434	550 s.f.	9/16/2009	Tammy Do
ME	Brewer #5076	DaVi Nails inside WM #5076 24 Walton Dr Brewer, ME 04412	207-989-7861	450 s.f.	7/1/2012	Huynh Nguyen
MI	Escanaba #2522	DaVi Nails inside WM #2522 601 N Lincoln Rd Escanaba, MI 49829	906-233-1744	372 s.f.	6/1/21	Hoale Nu Lowery
MI	Saginaw #2644	DaVi Nails inside WM #2644 5825 Brockway Road Saginaw, MI 48638	989-790-0615	965 s.f.	10/18/2006	Kaylyn Nguyen
MI	Fenton #2693	DaVi Nails inside WM #2693 3700 Owen Rd Fenton, MI 48430	810-629-4444	906 s.f.	12/1/2009	Tuan Q. Nguyen
MI	Greenville #3328	DaVi Nails inside WM #3328 10772 W. Carson City Rd Greenville, MI 48838	616-754-7969	926 s.f.	5/18/2005	Nho Van Dang
MI	Saginaw #5097	DaVi Nails inside WM #5097 5650 Bay Road Saginaw, MI 48604	989-791-0078	746 s.f.	9/24/2003	Thang Minh Ngo
MI	Jackson #5160	DaVi Nails inside WM #5160 1700 West Michigan Avenue Jackson (W), MI 49202	517-787-1538	504 s.f.	7/21/2004	Richard Huynh
MI	Saline #5472	DaVi Nails inside WM #5472 7000 E Michigan Ave Saline, MI 48176	734-944-6245	668 s.f.	5/4/2016	Thanh C. Pham
MN	Buffalo #1577	DaVi Nails inside WM #1577 1315 Hwy 25 North Buffalo, MN 55313	763-682-2529 fax:763-682-4844	1043 s.f.	9/1/2004	Ngoc Diem T Pham
MN	Hutchinson #1738	DaVi Nails inside WM #1738 1300 Trunk Hwy 15 S. Hutchinson, MN 55350	320-234-6641	506 s.f.	1/23/2006	Huy Q Pham & Linh M Quach
MN	Eden Prairie #1855	DaVi Nails inside WM #1855 12195 Singletree Ln Eden Prairie, MN 55344	952-942-8022	800 s.f.	10/29/2010, GO 12/1/2010	Yan Song

MN	Maple Grove #2882	DaVi Nails inside WM #2882 9451 Dunkirk Lane No. Maple Grove, MN 55311	763-420-3540	960 s.f.	11/16/2005	Peterson Tang
MS	Hattiesburg #2717	DaVi Nails inside WM #2717 5901 Hwy 49 South Hattiesburg, MS 39402	601-264-2925	902 s.f.	7/8/2009	Thuy Nguyen & Phuoc Duong
MS	Brookhaven #816	DaVi Nails inside WM #816 960 Brookway Blvd Brookhaven, MS 39601	601-835-1300	691 s.f.	9/1/2005	Dat Duy Nguyen
MT	Butte #1901	DaVi Nails inside WM #1901 3901 Harrison Ave Butte, MT 59701	406-494-7503	896 s.f.	12/7/2012	Hue Thi Holdodnick
MT	Billings #2923	DaVi Nails inside WM #2923 1649 Main St Billings, MT 59105	406-534-2681	693 s.f.	5/5/2017	Quoc Dung Dang Nguyen
MT	Missoula #3259	DaVi Nails inside WM #3259 3555 Mullan Rd Missoula, MT 59808	406-240-6245	693 s.f.	3/18/2015	Tony Van Pham
MT	Laurel #4412	DaVi Nails inside WM #4412 101 Bernhardt Rd Laurel, MT 59044	406-628-5799	571 s.f.	10/1/2017	Trang Doan Nguyen
NC	Williamston #1641	DaVi Nails inside WM #1641 1529 Washington St. Williamston, NC 27892	252-789-9000	801 s.f.	3/7/2008	A-Nails of Plymouth Inc
NC	Charlotte #3371	DaVi Nails inside WM #3371 3240 Wilkinson Blvd Charlotte (W), NC 28208	704-394-6028	926 s.f.	10/26/2005	Huy Dinh Quoc Hoang
NC	Conover #4224	DaVi Nails inside WM #4224 201 Zelkova Court Nw Conover, NC 28613	828-466-2662	979 s.f.	1/19/2007	Thuy Thanh Le LLC
NC	Morrisville #4250	DaVi Nails inside WM #4250 1001 Shiloh Glenn Dr. Morrisville, NC 27560	919 474 2424	873 s.f.	6/17/2009	<b>Alexansois Nay, LLC</b>
NC	Denver #4274	DaVi Nails (inside WM) #4274 7131 Highway 73 Denver, NC 28037	704-827-3511	700 s.f.	12/1/2020	Thuong Van Le
NC	Cherryville #4594	DaVi Nails inside WM #4594 2505 Lincolnton Highway Cherryville, NC 28021	704-435-8368	710 s.f.	1/23/2008	Trinh Ha Dinh
NC	Charlotte #5063	DaVi Nails inside WM #5063 1830 Galleria Blvd. Charlotte, NC 28270	704-846-0706	504 s.f.	9/15/2004	Ken Mainali, Deepak Acharya, and Yani M Gautam
NC	Belmont #5085	DaVi Nails inside WM #5085 701 Hawley Ave Belmont, NC 28012	704-825-3548	640 s.f.	8/5/2012	An Mai

NC	Raleigh #5292	DaVi Nails inside WM #5292 4431 New Bern Avenue Raleigh (E), NC 27610	919-212-3555	504 s.f.	8/25/2004	Tammy Nguyen
NC	Gastonia #5298	DaVi Nails inside WM #5298 223 North Myrtle School Road Gastonia (W), NC 28052	704-868-3881	693 s.f.	5/19/2004	Trieu T. Nguyen
NC	Charlotte #5481	DaVi Nails inside WM #5481 9820 Callabridge Court Charlotte, NC 28216	704-398-9521	693 s.f.	1/26/2005	Ta Nguyen LLC
NC	Pembroke #5489	DaVi Nails inside WM #5489 930 Highway 711 East Pembroke, NC 28372	910-521-7228	826 s.f.	4/15/2008	Ngoc H Nguyen Thi Nguyen
NC	Raeford #5787	DaVi Nails inside WM #5787 4545 Fayetteville Rd Raeford, NC 28376	910-848-0540	600 s.f.	7/21/2010	Thu Thi Xuan Nguyen
NC	Cameron /Spout Springs #6958	DaVi Nails inside WM #6958 2800 NC Hwy 24-87 Spout Springs (Cameron), NC 28326	910-436-1442	749 s.f.	10/5/2016	Hiep H. Nguyen & Phun Kbruih
NC	Sanford #1774	DaVi Nails inside WM #1774 3310 Nc 87 So. Sanford, NC 27330	919-777-7172	919 s.f.	9/19/2007	Hang Thi Vo
ND	Bismarck #1534	DaVi Nails inside WM #1534 2717 Rock Island Place Bismarck, ND 58504	701-258-5840	926 s.f.	11/15/2009	SBA Nails Salon LLC - Thu Nguyen
ND	Williston #1565	DaVi Nails inside WM #1565 4001 2nd Ave W Williston, ND 58801	701-572-2190	926 s.f.	10/26/2011	Minh H Do
ND	Grand Forks #5806	DaVi Nails inside WM #5806 5755 Gateway Drive Grand Forks, ND 58203	701-772-3947	765 s.f.	4/2/2014	Kayla Tran
NE	Hastings #1460	DaVi Nails inside WM # 1460 3803 Osborne Drive West Hastings, NE 68901	402-463-5649	619 s.f.	7/1/2007	Jason Binh Vuong
NH	Portsmouth #2130	DaVi Nails inside WM # 2130 2460 Lafayette Road Portsmouth, NH 03801	603-431-3200	655 s.f.	4/4/2007	Cutie Nails LLC
NJ	Toms River #1844	DaVi Nails inside WM #1844 950 Route 37 W Toms River, NJ 08755	732-240-6387	615 s.f.	1/26/2018	Lynn Nguyen
NJ	Howell #2195	DaVi Nails inside WM #2195 4900 U.S. Hwy #9 Howell, NJ 07731	732-994-7337	454 s.f.	7/9/2013	Cam T. Vo
NJ	Hackettstown #2503	DaVi Nails inside WM #2503 1885 Route 57 - Suite 100 Hackettstown, NJ 07840	908-684-5440	498 s.f.	11/23/2004	Dung Thi-Tuyet Vo & Cuong Lai



NJ	Manville #2651	DaVi Nails inside WM #2651 100 North Main Street Manville, NJ 08835	908-253-9999	555 s.f.	11/25/2014	Dung V. Le
NJ	East Brunswick #3078	DaVi Nails (Inside WM) #3078 290 State Route 18 East Brunswick, NJ 08816	732-387-2640	774 s.f.	10/16/2018	Kim Truong
NJ	Little Egg Harbor #3830	DaVi Nails inside WM #3830 631 Route 9 South Little Egg Harbor, NJ 08087	609-812-1112	710 s.f.	7/13/2016	Phuoc Ma
NJ	Ledgewood #3912	DaVi Nails inside WM #3912 461 Rt 10 Suite A100 Ledgewood, NJ 07852	973-860-7501	761 s.f.	12/1/20	Dung T. Trinh
NJ	Rockaway #5178	DaVi Nails inside WM #5178 220 Enterprise Drive Rockaway, NJ 07866	973-989-8808	528 s.f.	12/1/2006	Mai T Nguyen
NJ	Riverdale #3443	Em Lash Studio inside WM #3443 48 NJ-23 Riverdale, NJ 07457	914-530-1128	240 s.f.	7/1/2020	Hetal Viradia Mavani
NM	Bernalillo #3731	DaVi Nails inside WM #3731 460 Nm Highway #528 Bernalillo, NM 87004	505-771-9266	979 s.f.	3/5/2008	Tsay T Tuyet Jeng Y Tsay
NM	Edgewood #4201	DaVi Nails inside WM #4201 66 State Road #344 Edgewood, NM 87015	505-286-8040	979 s.f.	3/7/2008	Lisa Nguyen & Linh Nguyen
NM	Las Cruces #4601	DaVi Nails inside WM #4601 3331 Rinconada Blvd Las Cruces, NM 88011	575-382-6802	690 s.f.	10/21/2016	Vivian Nails LLC
NM	Las Cruces #5155	DaVi Nails inside WM #5155 1550 South Valley Drive Las Cruces (Sw), NM 88005	575-525-0336	693 s.f.	8/20/2003	Tinh V. Vu
NV	Reno #2189	DaVi Nails inside WM # 2189 4855 Kietzke Lane Reno, NV 89502	775-825-7577	1008 s.f.	10/29/2003	Van T. Le
NV	Elko #2402	DaVi Nails inside WM #2402 2944 Mountain City Hwy Elko, NV 89801	775-738-4608	968 s.f.	8/17/2005	Loi Thi Nguyen
NV	Las Vegas #2483	DaVi Nails inside WM #2483 6973 Blue Diamond Rd Las Vegas, NV 89178	702-878-0504	751 s.f.	11/1/2017	Infinity Nails & Spa LLC
NV	Winnemucca #2617	DaVi Nails inside WM #2617 3010 Potato Road Winnemucca, NV 89445	775-625-2888	542 s.f.	5/16/2007	Loi Thi Nguyen
NV	Henderson #2838	DaVi Nails inside WM # 2838 540 Marks Street Henderson, NV 89014	702-436-0642	448 s.f.	4/1/2004	Thuy Huynh

NV	N. Las Vegas #3351	DaVi Nails inside WM #3351 6464 North Decatur Blvd North Las Vegas, NV 89131	702-433-1300	926 s.f.	11/8/2006	Thao Thuy LLC
NV	Las Vegas #3728	DaVi Nails inside WM #3728 3950 West Lake Mead Blvd North Las Vegas, NV 89032	702-341-7503	710 s.f.	3/28/2007	Nguyen Thi To
NV	Stead #4239	DaVi Nails inside WM #4239 250 Vista Knoll Pkwy Stead, NV 89506	775-971-9288	774 s.f.	3/14/2012	Ha Nguyen
NY	New Hartford #1677	DaVi Nails inside WM #1677 4765 Commercial Drive New Hartford, NY 13413	315-736-1000	896 s.f.	6/10/2015	Anthony Van Cu
NY	Greenbush #1940	DaVi Nails inside WM # 1940 279 Troy Rd, East Greenbush, NY 12144	518-283-4435	1172 s.f.	11/9/21	Khanh Man Thi Nguyen
NY	Plattsburgh #1994	DaVi Nails inside WM # 1994 25 Consumer Square Plattsburgh, NY 12901	518-561-1313	862 s.f.	7/14/2004	Thach Vo
NY	Utica #2093	DaVi Nails inside WM #2093 710 Horatio St. Utica, NY 13502	315-724-9900	513 s.f.	4/1/2015	Annie Thi Cu Tony Van Cu
NY	Hudson #2097	DaVi Nails inside WM #2097 460 Fairview Ave Hudson, NY 12534	518-828-4560	700s.f.	8/10/2009	Cecilia Tran
NY	Schenectady #2264	DaVi Nails inside WM # 2264 1320 Altamont Avenue Rotterdam, NY 12303	518-355-6432	1012 s.f.	11/28/2006	Thanh Nguyen
NY	Herkimer #2285	DaVi Nails inside WM # 2285 103 North Caroline St. Herkimer, NY 13350	315-866-0850	693 s.f.	5/24/2006	Brian Van Cu
NY	Catskill #2351	DaVi Nails inside WM #2351 30 Catskill Catskill, NY 12414	518-943-0828	979 s.f.	1/19/2007	Thang V Duong Trang Le
NY	Clarence #2355	DaVi Nails inside WM # 2355 5033 Transit Road Williamsville, NY 14221	716-632-4878	852 s.f.	5/11/2005	Dung Ngoc Tran
NY	Monticello #2547	DaVi Nails inside WM # 2547 41 Anawana Lake Road Monticello, NY 12701	845-794-8094	448 s.f.	11/22/2006	Srepao Meas
NY	Halfmoon Bay #2844	DaVi Nails (inside WM) #2844 1549 Route 9 Clifton Park, NY 12065	518-371-0626	693 s.f.	1/23/2020	Frank Hoang
NY	Queensbury #4403	DaVi Nails inside WM #4403 24 Quaker Ridge Blvd Queensbury, NY 12804	518-798-0837	770 s.f.	9/14/2011	Chau My Tran

NY	North Tonawanda #4597	DaVi Nails inside WM #4597 866 Niagara Falls Blvd North Tonawanda, NY 14120	716-692-1523	867 s.f.	8/15/2012	Cindy Bui
OH	Urbana #1239	DaVi Nails inside WM #1239 1840 East Us Route 36 Urbana, OH 43078	937-652-4224	462 s.f.	8/16/2006	Lam Tran
OH	Huber Heights #1495	DaVi Nails inside WM #1495 7680 Brandt Pike Huber Heights, OH 45424	937-235-6709	1008 s.f.	10/27/2004	Hai Thi Le Cong Thanh Nguyen
OH	Centerville #1503	DaVi Nails inside WM #1503 6244 Wilmington Pike Centerville, OH 45459	937-848-4008	467 s.f.	6/15/2005	Kayla Le
OH	Sandusky #1628	DaVi Nails inside WM #1628 5500 Milan Road, Suite 200 Sandusky, OH 44870	419-621-8032	512 s.f.	7/2/2003	Thanh Nguyen
OH	Marietta #2078	DaVi Nails inside WM # 2078 804 Pike Street Marietta, OH 45750	740-374-5756	992 s.f.	4/9/2003	Thomas Quang Vu
OH	Beavercreek #2124	DaVi Nails inside WM #2124 3360 Pentagon Blvd. Beavercreek, OH 45431	937-429-1988	693 s.f.	6/27/2013	Chi Nguyen Thu Thi Ha
OH	Springfield #2429	DaVi Nails inside WM #2429 2100 N Bechtle Ave Springfield, OH 45504	937-342-1445	619 s.f.	11/6/2010	Van Sinh Le
OH	Dayton #3783	DaVi Nails inside WM #3783 3465 York Commons Blvd Dayton, OH 45414	937-264-8577 937-264-8581	960 s.f.	10/1/2008	Lydavit Heng
OH	Findlay #3840	DaVi Nails inside WM # 3840 1161 Trenton Ave Findlay (W), OH 45840	419-422-7422	979 s.f.	7/19/2006	Hue Huynh & Ty Tran
OH	Englewood #5409	DaVi Nails inside WM #5409 7725 Hoke Road Englewood, OH 45315	937-836-2229	463 s.f.	3/23/2005	Jenny Nguyen Thanh (John) Tam Bui
OH	West Chester #2309	Em Lash Studio inside WM #2309 8288 Cincinnati Dayton Rd West Chester Township, OH 45069	513-755-0142	404 s.f.	8/1/19	SB West Chester LLC
OH	Cincinnati #3749	Em Lash Studio inside WM #3749 2801 Cunningham Rd Cincinnati, OH 45241	513-554-0193	979 s.f.	6/1/20	S B EVENDALE LLC
OH	Cincinnati #1521	Em Lash Studio inside WM #1521 8451 Colerain Ave Cincinnati, OH 45239	513-245-0039	463 s.f.	9/1/21	SR Colerain LLC
OH	Canal Winchester #5184	DaVi Nails inside WM #5184 6674 Winchester Blvd Canal Winchester, OH 43110	614-834-0062	561 s.f.	2/1/22	Sovanna Svay Sokheng Ngim

OK	Muskogee #130	DaVi Nails inside WM #130 1000 West Shawnee St Muskogee, OK 74403	918-683-7242	926 s.f.	8/25/2004	Thao T. Nguyen
OK	Purcell #139	DaVi Nails inside WM #139 2015 S Green Ave Purcell, OK 73080	405-527-9990	878 s.f.	7/19/2006	Trang Thu Thi Nguyen
OK	Woodward #150	DaVi Nails inside WM #150 3215 Williams Ave Woodward, OK 73801	580-256-5888	832 s.f.	6/15/2010	Selena Nguyen
OK	McAlester #151	DaVi Nails inside WM #151 432 South George Nigh Exwy Mcalester, OK 74501	918-429-0029	840 s.f.	6/1/2008	Hong Bong Thi Nguyen Binh Van Tran
OK	Tulsa (Mem) #1597	DaVi Nails inside WM #1597 10938 S. Memorial Dr. Tulsa, OK 74133	918-369-6629	2007 s.f.	10/18/2006	Steven Le
OK	Ada #231	DaVi Nails inside WM # 231 1419 N. Country Club Rd. Ada, OK 74820	580-310-9070	576 s.f.	6/13/2005	Trang Phuong Do
OK	Poteau #31	DaVi Nails inside WM #31 3108 N Broadway Poteau, OK 74953	918-649-3608	653 s.f.	6/10/2004	Tam B. Martin
OK	Coweta #374	DaVi Nails inside WM #374 11207 S Hwy 51 Coweta, OK 74429	918-486-1374	1908 s.f.	3/5/2008	The Nguyen Le LLC
OK	Choctaw #4195	DaVi Nails inside WM #4195 14185 Mack Harrington Drive Choctaw, OK 73020	405-390-4254	705 s.f.	7/16/2014	Nguyet Thu Thi Tran
OK	Stillwater #4241	DaVi Nails inside WM #4241 4545 West 6Th Ave Stillwater, OK 74074	405-372-0072	1951 s.f.	1/19/2007	Sean Nguyen
OK	Tulsa (Glen Pool) #4615	DaVi Nails inside WM #4615 12200 S. Waco Ave. Sapulpa, OK 74066	918-296-9888	1809 s.f.	5/7/2008	Phuong Binh Nguyen
OK	Del City #544	DaVi Nails inside WM #544 5401 Tinker Diagonal St Del City (Mwc), OK 73115	405-672-2688	1790 s.f.	5/4/2007	Hien Nhu Nguyen
OK	Tulsa #894	DaVi Nails inside WM #894 6625 S Memorial Drive Tulsa, OK 74133	918-252-5321	1809 s.f.	10/18/2006	Mary Than
OR	Salem #1784	DaVi Nails inside WM # 1784 3025 Lancaster Drive Ne Salem, OR 97305	503-763-6887	1008 s.f.	10/27/2004	Shwu Yi Huang
PA	State College #1640	DaVi Nails inside WM #1640 1665 N Atherton St State College, PA 16803	814-238-8806	761 s.f.	12/3/2014	Thao Thanh Do

PA	Sayre #2208	DaVi Nails inside WM #2208 1887 Elmira St Sayre, PA 18840	570-886-8178	724 s.f.	5/21/2014	Nghiem Nguyen
PA	West Mifflin #2281	DaVi Nails inside WM # 2281 2351 Century Drive West Mifflin, PA 15122	412-653-3425	504 s.f.	8/20/2003	My T Tran Julie Hoai Nguyen
PA	New Castle #2287	DaVi Nails inside WM #2287 2501 West State Street New Castle, PA 16101	724-658-9452 724-658-9453	832 s.f.	10/24/2006	Ngoc Thi Bich Le
PA	Pittsburgh #2300	DaVi Nails inside WM #2300 250 Summit Park Dr Pittsburgh, PA 15275	412-87-2425	517 s.f.	4/1/2013	McKenzie Nguyen LLC
PA	Allentown #2641	DaVi Nails inside WM #2641 1091 Millcreek Rd Allentown, PA 18106	610-530-5755	693 s.f.	6/15/2015	Kelly Lam
PA	Parkesburg #2945	DaVi Nails inside WM #2945 100 Commons Dr. Parkesburg, PA 19365	610-857-2718	448 s.f.	5/25/2016	Thanh Thach
PA	Taylor #4276	DaVi Nails (inside WM) #4276 1325 Main St. Taylor, PA 18517	570-344-4437	724 s.f.	11/10/2010	Linh Hua
PA	Moon Township #4644	DaVi Nails inside WM #4644 7500 University Blvd Moon Township, PA 15108	412-264-4191	729 s.f.	11/16/2016	DAVI NAILS 4644 LLC Julie Nguyen Anh Hoang Vu
PA	Bechtelsville #5239	DaVi Nails inside WM # 5239 567 Route 100 North Bechtelsville, PA 19505	610-473-0766	693 s.f.	10/26/2005	Thu Thi Mong Ly
SC	North Augusta #1270	DaVi Nails inside WM #1270 1201 Knox Avenue North Augusta, SC 29841	803-510-0110	1008 s.f.	9/7/2007	Thuong Tan Ngo
SC	Aiken #4487	DaVi Nails inside WM #4487 3581 Richland Ave Sw Aiken, SC 29803	803-643-4669	979 s.f.	10/24/2007	DA VI NAILS SC LLC Kimberly Vo
SC	Lake Wylie / Clover #5745	DaVi Nails inside WM #5745 175 Highway 274 Clover, SC 29710	803-831-6299	746 s.f.	9/15/2010	Phong Trieu Vo
SC	Orangeburg #616	DaVi Nails inside WM #616 2795 North Road Orangeburg, SC 29115	803-534-1264	523 s.f.	12/1/2003	Phuong Pham Ngo
SD	Spearfish #1543	DaVi Nails inside WM #1543 2825 1St Avenue Spearfish, SD 57783	605-642-2830	463 s.f.	7/1/2010	L&H Business Inc.
SD	Sioux Falls #2443	DaVi Nails inside WM #2443 7821 South Minnesota Avenue Sioux Falls, SD 57108	605-338-2917	705 s.f.	5/11/2016	Kevin Phung

RI	Coventry #2283	DaVi Nails inside WM #2283 650 Centre Of New England Blvd, Coventry, RI 02816	401-828-2948	988 s.f.	7/1/21	Phan Nguyen Mai T Nguyen
TN	Rogersville #3234	DaVi Nails inside WM #3234 4331 Highway 66 S. Rogersville, TN 37857	423-293-3675	880 s.f.	4/1/2016	Dung Lam
TN	Athens #663	DaVi Nails inside WM #663 1815 Decatur Pike Athens, TN 37303	423-507-8588	972 s.f.	6/15/2005	My Linh T. Tran
TN	Franklin #272	Em Lash Studio inside WM #272 3600 Mallory Ln Franklin, TN 37067	(888) 492-2507	448 s.f.	2/1/20	Om & Archana LLC
TN	Gallatin #674	Em Lash Studio inside WM #674 1112 Nashville Pike Gallatin, TN 37066	615-451-1198	300 s.f.	4/20/19	Hasmukh Patel
TN	Nashville #688	Em Lash Studio inside WM #688 5824 Nolensville Pike Nashville, TN 37211	615-942-8039	464 s.f.	2/1/20	OM & MANSI LLC
TN	Madison #695	Em Lash Studio inside WM #695 2232 Gallatin Pike Madison, TN 37115	615-664-4774	734 s.f.	2/17/21	RP SALON INC
TN	Alcoa #672	Em Lash Studio inside WM #672 1030 Hunters Crossing Alcoa, TN 37701	708-625-4885	517 s.f.	10/17/22	OMMG672 LLC
TX	Weslaco #1041	DaVi Nails inside WM #1041 1310 North Texas Blvd Weslaco, TX 78596	956-969-1212	1008 s.f.	5/18/2005	Minh Thien Vo
TX	Friendswood #1062	DaVi Nails inside WM #1062 150 W El Dorado Blvd Friendswood, TX 77546	281-280-0087	457 s.f.	10/1/2012	Myhang Thi Tran
TX	Plano #1117	DaVi Nails inside WM #1117 6001 Central Expressway Plano, TX 75023	972-423-1312	1000 s.f.	4/23/2003	Kim Chau Thi Le
TX	Boerne #1126	DaVi Nails inside WM #1126 1381 So. Main Street Boerne, TX 78006	830-249-2159	423 s.f.	6/22/2006	Kevin Hoang
TX	Austin #1185	DaVi Nails inside WM #1185 1030 Norwood Park Bd Austin, TX 78753	512-833-6765	1008 s.f.	8/13/2003	Vivian Binh Tong
TX	Bellmead #1254	DaVi Nails inside WM #1528 1521 Interstate 35 N Bellmead, TX 76705	254-799-2209	653 s.f.	11/15/2012	Hieu (Judy) Hoang Bui
TX	Georgetown #1303	DaVi Nails inside WM #1303 620 South Ih 35 Georgetown, TX 78626	512-864-2393	1000 s.f.	8/20/2003	Kim Nga Vu Kim Khanh Vu

TX	San Antonio #1313	DaVi Nails inside WM #1313 1200 S.E. Military Drive San Antonio (S), TX 78214	210-923-8882	1008 s.f.	4/14/2004	Thao Hong Nguyen
TX	Bay City #1405	DaVi Nails inside WM #1405 4600 7Th Street Bay City, TX 77414	979-244-8448	462 s.f.	1/19/2007	Suong T. To
TX	Humble #1837	DaVi Nails inside WM #1837 9451 Fm 1960 Bypass Humble, TX 77338	281-540-0106	1008 s.f.	8/20/2003	Viet Tran
TX	McKinney #206	DaVi Nails inside WM #206 2041 Redbud Blvd Mckinney, TX 75069	972-529-5055	504 s.f.	7/20/2005	Tam Minh Duong
TX	Houston #2257	DaVi Nails inside WM #2257 13484 Northwest Freeway Houston, TX 77040	713-460-4559	489 s.f.	5/23/2007	MK Nails and Spa LLC Thuy Pham
TX	San Antonio #2404	DaVi Nails inside WM #2404 8500 Jones Maltsberger San Antonio (C), TX 78216	210-979-9798	579 s.f.	3/19/2008	Long Phuc Nguyen
TX	Baytown #2439	DaVi nails inside WM #2439 8700 N Highway 146 Baytown, TX 77523	281-421-1813	740 s.f.	9/10/2014	Kim Dung Tran
TX	San Antonio #2599	DaVi Nails inside WM #2599 5555 De Zavala Rd San Antonio, TX 78249	210-558-1888	448 s.f.	6/10/2013	TSK Development Corp.
TX	Donna #2763	DaVi Nails inside WM #2763 900 N. Salinas Blvd. Donna, TX 78537	956-464-1021	740 s.f.	3/11/2015	Bich Lien Thi Le
TX	Spring Branch /Bulverde #3056	DaVi Nails inside WM #3056 305 Singing Oaks Bulverde/Spring Branch, TX 78070	830-438-0227	740 s.f.	9/23/2015	Tuan Quoc Phung
TX	HEB #31	DaVi Nails inside HEB #31 8503 NW Military Highway San Antonio TX 78230	210-492-9977	s.f.	11/18/2008	Thi Tham Duong
TX	HEB #32	DaVi Nails inside HEB #32 9238 North Loop 1604 West San Antonio, TX 78249	210-509-0779	1097 s.f.	4/27/2012	Cuong Huy Nguyen
TX	Houston #3296	DaVi Nails inside WM #3296 2700 South Kirkwood Drive Houston, TX 77077	281-759-6227	448 s.f.	11/2/2004	Cindy Le
TX	Palmhurst #3320	DaVi Nails inside WM #3320 215 East Mile 3 Road Palmhurst, TX 78574	956-519-4743	926 s.f.	4/13/2005	Lanh Le & Linh Pham
TX	Hudson Oaks #3431	DaVi Nails inside WM #3431 2801 E Interstate 20 Hudson Oaks, TX 76087	817-599-6059	464 s.f.	12/20/2012	Thuan Thanh Phan

TX	Hidalgo #3567	DaVi Nails inside WM #3567 3000 N. Jackson Rd. Hidalgo, TX 78557	956-843-8000	740 s.f.	7/16/2014	Lisa Burke
TX	Houston #3584	DaVi Nails inside WM #3584 5405 South Rice Avenue Houston, TX 77081	(832) 830-8868	740 s.f.	2/1/21	Tong Thanh Vo
TX	Lindale #3764	DaVi Nails inside WM #3764 105 Centennial Blvd Lindale, TX 75771	903-881-8699	850 s.f.	11/1/2008	Hoang Ha Nguyen
TX	Richmond #3827	DaVi Nails (Inside WM) #3827 5660 W Grand Pkwy S. Richmond, TX 77406	281-232-3938	717 s.f.	5/16/12	Kim Phuong Thi Huynh
TX	McAllen #397	DaVi Nails inside WM #397 1200 E. Jackson Ave. McAllen, TX 78503	956-994-1097	602 s.f.	5/26/2004	Francis Huynh
TX	Fulshear #4111	DaVi Nails inside WM #4111 26824 F.M. 1093 Richmond, TX 77406	281-665-1126	629 s.f.	8/29/2018	Loan Thi Kim Huynh
TX	Brownsville #4112	DaVi Nails inside WM #4112 2205 E. Ruben Torres Sr. Blvd Brownsville, TX 78526	956-542-7745	743 s.f.	4/22/2015	Loan Thi Kim Huynh
TX	Cibolo #4115	DaVi Nails inside WM #4115 602 Cibolo Valley Drive Cibolo, TX 78108	210-659-1686	740 s.f.	1/27/2016	Phuoc Ba Nguyen
TX	Wichita Falls #420	DaVi Nails inside WM #420 2700 Central Fwy Wichita Falls, TX 76306	940-851-6981	850 s.f.	4/01/17	Binh Van Le
TX	Humble #4298	DaVi Nails inside WM #4298 9235 North Sam Houston Pkwy E Humble, TX 77396	281-441-1008	489 s.f.	6/13/2007	Kim Hue Nguyen
TX	HEB #45	DaVi Nails inside HEB #45 20935 US Highway 281 North San Antonio, TX 78258	210-490-4941	1000 s.f.	7/15/2009	Nancy Nguyen
TX	Penitas #4508	DaVi Nails inside WM #4508 1705 EXPRESSWAY 83 Penitas, TX 78576	956-581-6363	711 s.f.	4/29/2009	Hein Thi Pham
TX	Katy #4512	DaVi Nails inside WM #4512 22850 Morton Ranch Rd Katy, TX 77449	281-665-1889	769 s.f.	6/1/2017	Huynh Nail Spa II, Inc. Kim Phuong Thi Nguyen
TX	McAllen #452	DaVi Nails inside WM #452 2800 Nolana Ave Mc Allen, TX 78504	956-683-9375	979 s.f.	10/18/2006	Nicholas Huynh Nguyen & Ngoc Huong Thi Huynh
TX	Brownsville #456	DaVi Nails inside WM #456 3500 W Alton Gloor Blvd Brownsville, TX 78520	956-350-0588	896 s.f.	5/14/2004	Trang Thuy Nguyen



TX	Alvin #462	DaVi Nails inside WM #462 400 Highway 35 Byp N Alvin, TX 77511	281-585-2938	408 s.f.	10/23/2012	Quoc Kim Tran & Nhu Quynh Hoang
TX	Corpus Christi #470	DaVi Nails inside WM #470 1821 South Padre Island Dr Corpus Christi, TX 78416	361-225-3300	1143 s.f.	2/15/2007	Manh Van Le
TX	HEB #48	DaVi Nails inside HEB #48 17238 Bulverde Rd. San Antonio, TX 78247	210-776-7111	650 s.f.	9/1/2019	J Nail & Spa LLC
TX	Kerrville #508	DaVi Nails inside WM #508 1216 Junction Hwy Kerrville, TX 78028	830-895-8899	652 s.f.	10/17/2005	Trang Thi-Thu Ngo
TX	Spring #5287	DaVi Nails inside WM #5287 21150 Kuykendahl Road Spring, TX 77379	281-288-0906	1008 s.f.	4/14/2004	Uyen Le Nguyen & Dong T Vo
TX	La Marque #529	DaVi Nails inside WM #529 6410 I-45 La Marque, TX 77568	409-986-9333	504 s.f.	4/16/2003	Phuong Thi Nguyen
TX	Round Rock #5480	DaVi Nails inside WM #5480 4700 East Palm Valley Blvd Round Rock (Ne), TX 78665	512-244-9448	1008 s.f.	3/23/2005	Hien Tran
TX	Kilgore #572	DaVi Nails inside WM #572 1201 Stone Street Kilgore, TX 75662	903-983-7976	746 s.f.	3/19/2003	Jenny Trang Truong
TX	Houston #602	DaVi Nails inside WM #602 1025 Sawdust Rd Spring, TX 77380	281-419-2620	979 s.f.	3/7/2008	Tung T Tran Oanh H Chu
TX	New Caney #6579	DaVi Nails inside WM #6579 20310 US 59 New Caney, TX 77357	832-793-5557	706 s.f.	7/19/2017	My Thi Tran
TX	Pasadena #752	DaVi Nails inside WM #752 5200 Fairmont Pkwy. Pasadena, TX 77505	281-998-2442	926 s.f.	10/27/2004	Huong Thi Tran
TX	Spring #849	DaVi Nails inside WM #849 155 Louetta Xing Spring, TX 77373	281-288-8881	433 s.f.	8/27/2013	Oanh Thi Hoang Chu Yen Chu
TX	Seguin #901	DaVi Nails inside WM #901 550 South 123 Bypass Seguin, TX 78155	830-401-4090	763 s.f.	3/18/05 3/1/13	Hue Vo Tim Vo
TX	Sherman #947	DaVi Nails inside WM #947 401 East Hwy 82 Sherman, TX 75090	903-893-2211	820 s.f.	8/1/2005	Vinh Vo
TX	San Antonio #999	DaVi Nails inside WM #999 7239 SW Loop 410 San Antonio, TX 78242	210-966-0350	749 s.f.	11/1/2016	Jimmy Nguyen

TX	Houston #3584	Em Lash Studio inside WM #3584 5405 S Rice Ave Houston, TX 77081	713-534-1238	740 s.f.	7/21/20	AR3 Beauty Corp
TX	Houston #1279	Em Lash Studio inside WM #1279 10411 North Fwy #45 Houston, TX 77037	281-616-2612	896 s.f.	5/15/2021	AR3 Beauty4 Corp
TX	Houston #3302	Em Lash Studio inside WM #3302 9460 W Sam Houston Pkwy S Houston, TX 77099	281-206-3587	906 s.f.	2/20/2021	AR3 Beauty3 Corp
TX	Alvin #462	Em Lash Studio inside WM #462 400 Highway 35 Byp N Alvin, TX 77511	281-245-6766	896 s.f.	6/1/2021	Alvin Beauty LLC
TX	Pearland #872	Em Lash Studio inside WM #872 1919 N Main St Pearland, TX 77581	346-888-5030	380 s.f.	6/1/2021	Touch N Glow Inc
TX	Richmond #546	Em Lash Studio inside WM #546 5330 Fm 1640 Rd Richmond, TX 77469	281-545-0075	386 s.f.	11/10/21	AR3 Beauty5 Corp
TX	Stafford #915	Em Lash Studio inside WM #915 11210 W Airport Blvd Stafford, TX 77477	832 339 8101	825 s.f.	8/1/20	AR3 Beauty2 Corp
TX	Houston #2257	Em Lash Studio inside WM #2257 13484 Northwest Fwy Houston, TX 77040	281-662-9553	947 s.f.	10/7/22	Gorgeous Brows and Lashes Inc
TX	Cypress #5091	Em Lash Studio inside WM #5091 26270 Northwest Fwy Cypress, TX 77429	281-746-7153	572 s.f.	2/1/22	AR3 Beauty6 Corp
TX	Houston #3425	Em Lash Studio inside WM #3425 9598 Rowlett Road Houston, TX 77075	281-512-3777	454 s.f.	11/19/22	Ar3 Beauty7 Corp
TX	Cypress #5091	Em Lash Studio inside WM #5091 26270 Northwest Fwy Cypress, TX 77429	281-746-7153	572 s.f.	2/1/2022	AR3 Beauty6 Corp
UT	Layton #1699	DaVi Nails inside WM # 1699 745 West Hill Field Road Layton, UT 84041	801-593-5857	746 s.f.	6/18/2003	Khanh Vinh Ngo
UT	Riverdale #1708	DaVi Nails inside WM # 1708 4848 So. 900 West St Riverdale, UT 84405	801-392-9447	896 s.f.	9/18/2002	Huong Thi Wong
UT	American Fork #2511	DaVi Nails inside WM # 2511 949 West Grassland Drive American Fork, UT 84003	801-756-6622	1008 s.f.	5/19/2004	Diem Hong Ngoc Nguyen
UT	St. George #3220	DaVi Nails inside WM # 3220 2610 South Pioneer Road St George, UT 84790	435-628-0764	468 s.f.	10/18/2007	Thai P Tran

UT	Centerville #3366	DaVi Nails inside WM # 3366 221 West Parrish Lane Centerville, UT 84014	801-397-5385	1905 s.f.	9/19/2007	Jonny Ngoc Nguyen
UT	Perry #3454	DaVi Nails inside WM #3454 1200 South Commerce Way Perry, UT 84302	435-723-7870	674 s.f.	5/15/2002	Phan Van Tran
UT	West Valley City #3568	DaVi Nails inside WM # 3568 3180 South 5600 West West Valley City, UT 84120	801-955-4556	896 s.f.	10/16/2002	Kimo Cao
UT	Ogden #3789	DaVi Nails inside WM #3789 1945 Wall Ave. Ogden, UT 84401	801-627-7311	732 s.f.	5/18/2011	Tam Thi Tran Trang Thi Truong
UT	Syracuse #3848	DaVi Nails inside WM #3848 2228 West 1700 South Syracuse, UT 84075	801-779-1770	584 s.f.	1/24/2007	Thu-Yen Thi Nguyen
UT	West Valley City #5233	DaVi Nails inside WM # 5233 5675 West 6200 South West Valley City (S, UT 84118	801-966-2919	1008 s.f.	7/21/2004	Ut Thi Cao
UT	Clinton #5234	DaVi Nails inside WM # 5234 1632 North 2000 West Clinton, UT 84015	801-779-4088	504 s.f.	1/21/2004	Khanh H Nguyen
UT	Park City/Redstone Mall	Nails La Belle Salon 1571 W. Redstone Center Dr., #125 Park City, UT 84098	435-575-2004	s.f.		Luyen Cao
VA	Glen Allen #1523	DaVi Nails inside WM # 1523 11400 West Broad Street Road Glen Allen, VA 23060	804-364-1600	840 s.f.	6/22/2003	Cuong Pham
VA	Norfolk #1811	DaVi Nails inside WM #1811 1170 North Military Hwy. Norfolk, VA 23502	757-461-7666 phone & fax	1008 s.f.	3/24/2004	Phuong Hoang Diep
VA	Leesburg #1904	DaVi Nails inside WM #1904 950 Edwards Ferry Rd NE Leesburg, VA 20176	703-594-6445	576 s.f.	5/29/2019	DaVi Nails Salon & Spa #1904 LLC
VA	Sterling #2038	DaVi Nails inside WM #2038 45415 Dulles Crossing Plaza Sterling, VA 20166	703-444-3000	626 s.f.	7/1/2017	Vi Le Tuong Huynh
VA	Culpeper #2136	DaVi Nails inside WM #2136 801 James Madison Hwy Culpeper, VA 22701	540-727-9491	467 s.f.	11/7/2004	Van Thi Thanh Huynh
VA	Stafford #2438	DaVi Nails (Inside WM) #2438 217 Garrisonville Road Stafford, VA 22554	540-720-7959	657 s.f.	11/16/11	ViVi P Bui
VA	Manassas #3573	DaVi Nails inside WM #3573 9401 Liberia Ave Manassas, VA 20110	703-330-1306	545 s.f.	6/7/2013	Lucy Thi Nguyen

VA	Dulles #3639	DaVi Nails (inside WM) #3639 24635 Dulles Landing Drive Dulles, VA 20166	703-327-4508	721 s.f.	7/1/15	Quang Kim Duong
VA	Fredericksburg # 5343	DaVi Nails inside WM #5343 10001 Southpoint Parkway Fredericksburg, VA 22407	540-710-1715	926 s.f.	3/23/2005	Hong T. Tran
WA	Auburn #2385	DaVi Nails inside WM # 2385 762 Outlet Collection Way Auburn, WA 98001	253-333-6824	699 s.f.	10/27/2010	H & L Nails Spa Inc.
WA	Federal Way #3794	DaVi Nails inside WM # 3794 34520 16Th Avenue South Federal Way, WA 98003	253-661-1008	926 s.f.	1/24/2007	Phong Lieu
WI	Wisconsin Rapids #1202	DaVi Nails inside WM # 1202 4331 8th St Wisconsin Rapids, WI 54494	715-421-2444	698 s.f.	11/1/2009	Phong Chi Tra
WI	Oshkosh #1430	DaVi Nails inside WM # 1430 351 South Washburn St. Oshkosh, WI 54904	920-233-3260	500 s.f.	3/19/2003	Anh Tran Trong
WI	Rice lake #1446	DaVi Nails (inside WM) #1446 2501 West Ave. Rice Lake, WI 54868	715-205-2494	926 s.f.	8/24/20	Lan Nguyen
WI	Waukesha #1635	DaVi Nails inside WM #1635 2000 S West Ave. Waukesha, WI 53186	262-548-6188	774 s.f.	10/27/2010	Tuan Doan
WI	Lake Geneva #910	DaVi Nails inside WM #910 201 S Edwards Blvd Lake Geneva, WI 53147	262-249-0880	600 s.f.	10/15/2010	Huy N. Nguyen
WV	Vienna #1782	DaVi Nails inside WM #1782 701 Grand Central Ave Vienna, WV 26105	304-428-7077	430 s.f.	9/15/2016	Minh Lu
WY	Laramie #1412	DaVi Nails inside WM # 1412 4308 Grand Avenue Laramie, WY 82070	307-745-3405	426 s.f.	9/21/2007	My Trang Thi Pham
WY	Gillette #1485	DaVi Nails inside WM #1485 2300 South Douglas Hwy Gillette, WY 82718	307-686-9989	962 s.f.	10/25/2006	Tram Nguyen
WY	Sheridan #1508	DaVi Nails inside WM #1508 1695 Coffeen Ave Sheridan, WY 82801	307-683-6411	693 s.f.	7/31/2009	Trunong Dinh Do
WY	Cody #1778	DaVi Nails inside WM # 1778 321 Yellowstone Ave Cody, WY 82414	307-587-5504	426 s.f.	10/30/2010	Cuong Tran
WY	Cheyenne #4653	DaVi Nails inside WM #4653 580 Livingston Avenue Cheyenne, WY 82007	307-638-888	749 s.f.	8/26/2015	Lanh Hoang

# EXHIBIT F-1

## Da Vi Nails Salon and Spa, LLC

### Contact Information for Former Franchisees (Licensees)

#### Involuntary Terminations and Non-renewals - WalMart Cancelled Leases

FRANCHISEE NAME	ADDRESS	PHONE NUMBER
none	none	none

#### Voluntary Non-renewals

FRANCHISEE NAME	ADDRESS	PHONE NUMBER
Lam Nguyen	Gardendale, AL	205-616-7425
Rozi Inc.	Porterville, CA	559-781-0900
Anamol Patel	Forest Park, IL	780-689-0559
Davi Nails LLC	Greenwood, IN	317-884-0444
Hang Thi Vo Khoa Huynh	Spout Springs, NC	910-436-7006
Quyen Nguyen	Oklahoma City, OK	405-378-0637
Jenda Thi Son	Harrisburg, PA	717-561-2788
Hien Thi Thu Le	Sioux Falls, SD	605-361-9576
Om & Rajpooja LLC	Smyrna, TN	615-223-8868
Huynh Family Group Inc	San Antonio, TX	210-777-0319
Dung Quoc Phan	Brownsville, TX	956-371-8350
Simon T Nguyen	Sheridan, WY	714-213-3436

### **Voluntary Cancellations**

FRANCHISEE NAME	ADDRESS	PHONE NUMBER
Kelvin P. Nguyen	Chandler, AZ	520-238-1275
Duc Thang Ngo	Prescott Valley, AZ	928-925-9648
To Thanh Tran	Phoenix (Anthem), AZ	602-434-4696
Nga Thu Nguyen	Yucca Valley, CA	760-672-9098
Dung Truong	Milford, CT	973-722-6568

## EXHIBIT G

### GENERAL RELEASE

This General Release Agreement (the "Release") is entered into the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between DaVi Nails Salon and Spa, L.L.C. (the "Franchisor") and \_\_\_\_\_ (the "Franchisee").

WHEREAS, the parties have previously entered into a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement"); the Franchisee has elected to renew the Franchise Agreement; and in connection therewith the Franchise Agreement requires that the parties execute this Release.

NOW, THEREFORE, in consideration of the foregoing and their agreement to renew the Franchise Agreement, the parties agree as follows:

1. The Franchisee, for itself and its successors, assigns, trustees, officers, directors, shareholders, partners, members, employees, representatives, and agents does hereby remise, release, and forever discharge the Franchisor and its successors, assigns, trustees, officers, directors, shareholders, partners, members, employees, representatives, and agents (the "Released Parties") from all claims, demands, actions, damages, costs, expenses, dividends, covenants, agreements, and compensation whatsoever, whether now known or unknown, foreseen or unforeseen, patent or latent, which it can claim or assert against the Released Parties, or any of them, in connection with the Franchise Agreement, through the date of this Release.
2. The Franchisor, for itself and its successors, assigns, trustees, officers, directors, shareholders, partners, members, employees, representatives, and agents does hereby remise, release, and forever discharge the Franchisee and its successors, assigns, trustees, officers, directors, shareholders, partners, members, employees, representatives, and agents (the "Released Parties") from all claims, demands, actions, damages, costs, expenses, dividends, covenants, agreements, and compensation whatsoever, whether now known or unknown, foreseen or unforeseen, patent or latent, which it can claim or assert against the Released Parties, or any of them, in connection with the Franchise Agreement, through the date of this Release.
3. This Release shall be subject to the provisions of the Maryland Franchise Registration and Disclosure Law and the franchise law of any other state.

EXECUTED of the date first above appearing.

DaVi Nails Salon and Spa, L.L.C.

By \_\_\_\_\_

Its \_\_\_\_\_

\_\_\_\_\_  
Name of Franchisee

By \_\_\_\_\_

Its \_\_\_\_\_

## **EXHIBIT H**

### **California Addendum to Franchise Disclosure Document**

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires mediation in Salt Lake City, Utah with the costs, including the compensation of the mediator, will be borne by the parties equally. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Utah. This provision may not be enforceable under California law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).



## **EXHIBIT I**

### **Hawaii Addendum to Franchise Disclosure Document**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

## **EXHIBIT J**

### **ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

## **EXHIBIT K**

### **Maryland Addendum to Franchise Disclosure Document**

To the end of Item 17 insert:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

To the end of Item 17 insert:

Section 14.2 of the Franchise Agreement says it is a breach under the Franchise Agreement for you to file a voluntary petition in bankruptcy or to have an involuntary bankruptcy proceeding commenced against you which is not dismissed within 90 days. Termination of the Franchise Agreement for those reasons is not enforceable under federal bankruptcy law.

Section 23.1 of the Franchise Agreement provides for non-binding mediation in Utah. For Maryland franchisees, the mediation will be conducted in Maryland, Maryland law shall apply, and any limitation on the period of time for mediation and/or litigation claims must be brought shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under such Maryland Law must be brought within three (3) years after the grant of the franchise.

Section 23.2 of the Franchise Agreement provides that jurisdiction shall be in Utah and Utah law shall apply. For Maryland franchisees, jurisdiction shall be in Maryland and Maryland law shall apply. You are required to mediate in Maryland. The unsuccessful party is responsible for the reasonable attorney's fees, costs of investigation and proof of facts, court costs, related travel, living and other expenses of himself and the successful party.

Nothing contained in the Franchise Agreement is intended to nor shall it (a) act as a release, estoppel or waiver of any liability incurred under, or (b) deny you the right to bring a lawsuit in the State of Maryland for claims arising under, the Maryland Franchise Registration and Disclosure Law.

Any acknowledgments or representations of the Franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under such Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

# EXHIBIT L

## Minnesota Addendum to Franchise Disclosure Document

Any thing therein to the contrary notwithstanding, the Da Vi Nails Franchise Disclosure Document and the Da Vi Nails Franchise Agreement are hereby amended as follows:

- A. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- B. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be give 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and that consent to the transfer will not be unreasonably withheld.
- C. With respect to trademarks, Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. See Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- D. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- E. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J).
- F. The Limitation of Claims Section must comply with Minnesota Statutes, Section 80C, Subd.5.
- G. Section 2.1 of the Franchise Agreement provides for the payment of the Initial Franchise Fee at the time the Franchisee signs the Franchise Agreement. For Minnesota residents, the Initial Franchise Fee shall not be due and payable until the buildout, furnishing and equipping of the salon is completed and ready for the opening.

## EXHIBIT M

### New York Addendum to the Franchise Disclosure Document

The material below supplements the referenced Items in the FDD.

#### Item 3

The following should be included as part of Item 3:

" DaVi Nails Salon and Spa, L.L.C., its predecessor, any person identified in Item 2 above, nor an affiliate offering franchises under the franchisor's principal trademark:

A. (i) Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

(ii) Has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

#### Item 4

The following should be included as part of Item 4:

"Except as stated in this Item, neither DaVi Nails nor any affiliate, predecessor, officer, or general partner of DaVi Nails has during the 10 year period immediately preceding the date of this offering circular:

A. Filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

B. Obtained a discharge of its debts under the bankruptcy code; or

C. Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership"

#### Item 7

The following should be included as part of Item 7:

"THERE ARE NOT OTHER DIRECT OR INDIRECT PAYMENTS TO THE FRANCHISOR IN CONJUNCTION WITH THE PURCHASE OF THE FRANCHISE."

Item 11

The following should be included as part of Item 11:

"The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for your franchise and the opening of your business is 1 to 6 months. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, local ordinance compliance questions, construction, remodeling or build-out of the outlet, and delivery and installation of equipment and signs."

"Training is typically conducted at DaVi Nails's headquarters in Salt Lake City, Utah Training is conducted from time to time as necessary."

"Natural turn-over creates the need to substitute specific individuals who serve as instructors within Da-Vi Nails's system. Even so, each of the instructors providing training has had at least 3 months of hands-on experience in the area they teach. In some cases the instructors have worked in a broad cross-section of Da-Vi Nails's and others' franchise operations for years."



# **EXHIBIT N**

## **NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

To the end of Items 5 and 7, insert the following:

Section 2.1 of the Franchise Agreement (Items 5 and 7 of the Disclosure Document) requires that the Initial Franchise Fee be paid upon signing of the Franchise Agreement. In North Dakota, the Initial Franchise Fee will not be due and payable until the Franchisor has completed all of its pre-opening obligations and the salon is ready for opening.

Section 11.1 of the Franchise Agreement (Item 17(c) of the Disclosure Document) requires the Franchisee to sign a general release upon renewal of the Franchise Agreement. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law (the "ND Act"). Please disregard the provision each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 15.1 of the Franchise Agreement (Item 17(i) of the Disclosure Document) requires the Franchisee to consent to termination or liquidated damages. The Commission has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the ND Act. Please disregard the provision each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 16.1 of the Franchise Agreement (Item 17(r) of the Disclosure Document) discloses the existence of certain covenants restricting competition to which franchisees must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this state, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the ND Act. Please disregard such provisions each place they appear in the Disclosure Document and agreements used in North Dakota.

Section 23.1 of the Franchise Agreement (Item 17(u) of the Disclosure Document) provides that the Franchisee must agree to the mediation of disputes, such mediation to be held in Salt Lake City, UT. The Commissioner has determined that franchise agreements which provide that the parties agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business, are unfair, unjust and inequitable within the intent of Section 51-19-09 of the ND Act. Please disregard such provisions each place they appear in the Disclosure Document and agreements used in North Dakota, and replace them with mediations to be held in North Dakota.

Section 23 of the Franchise Agreement (Item 17(v) of the Disclosure Document) provides that franchisees must consent to the jurisdiction of courts in Utah. The Commissioner has held that requiring franchisees to consent to the jurisdictions of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Please disregard such provisions each place they appear in the Disclosure Document and agreements used in North Dakota, and replace them with jurisdiction in the courts of North Dakota.



Section 23 of the Franchise Agreement (Item 17(w) of the Disclosure Document) provides that the agreement shall be construed according to the laws of the state of Utah. Apart from civil liability as set forth in section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud) the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents, and is unfair to franchise investors to require. Please disregard such provision each place they appear in the Disclosure Document and agreements used in North Dakota, and replace them with provisions consistent with the laws of North Dakota.

Section 23 of the Franchise Agreement may require the franchisee to consent to a waiver of trial by jury. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Please disregard each place it appears in the Disclosure Document and agreements used in North Dakota.

Section 23 of the Franchise Agreement may require the franchisee to consent to a waiver of exemplary and punitive damages. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Please disregard each place it appears in the Disclosure Document and agreements used in North Dakota.

## **EXHIBIT O**

### **South Dakota Addendum to Franchise Disclosure Document**

Section 2.1 of the Franchise Agreement provides for payment of the Initial Franchise Fee at the time the Franchisee signs the Franchise Agreement. For South Dakota residents, the Initial Franchise Fee shall not be due and payable until the buildout, furnishing and equipping of the salon is completed and ready for the opening.

## **EXHIBIT P**

### **Virginia Addendum to Franchise Disclosure Document**

To the end of Item 5, insert:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

To the end of Item 17, insert:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **EXHIBIT Q**

### **WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting

or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_ 202\_\_.

Franchisee

Franchisor

Name: \_\_\_\_\_

DaVi Nails Salon and Spa, L.L.C.

By \_\_\_\_\_

By \_\_\_\_\_

## STATE EFFECTIVE DATES

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

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

California	Pending
Florida	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Kentucky	January 23, 2014
Maryland	Pending
Michigan	Pending
Minnesota	Pending
Nebraska	March 8, 1910
New York	Pending
North Dakota	Pending
South Dakota	Pending
Texas	March 8, 2010
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If DaVi Nails Salon and Spa, L.L.C. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If DaVi Nails does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency (see Exhibit C - State Franchise Administrators to the Disclosure Document).

The Franchisor is DaVi Nails Salon and Spa, L.L.C. 1559 West 3860 South, Salt Lake City, UT 84119. Telephone 801-596-1180

Issue Date: December 8, 2023

The franchise sellers for this offering are Tanya Tran, Binh Tang, Ken Nguyen, P. T. Layton (Luan) Ho and Kevin Ha, all located at 1559 West 3860 South, Salt Lake City, UT 84119. Telephone 801-596-1180

DaVi Nails authorizes the respective state agencies identified on Exhibit D – Agents for Service of Process to the Disclosure Document to receive service of process for it in the particular state.

I received a Disclosure Document dated December 8, 2023 that included the following Exhibits:

Exhibit A – Franchise Agreement

Exhibit B – Franchisee Sublease

Exhibit C – State Franchise Administrators

Exhibit D – Agents for Service of Process

Exhibit E – Financial Statements

Exhibit F – List of Franchisees (Licensees)

Exhibit F-1 Contact Information for Former Franchisees (Licensees)

Exhibit G – General Release

Exhibit H – California Addendum

Exhibit I -- Hawaii Addendum

Exhibit J – Illinois Addendum

Exhibit K – Maryland Addendum

Exhibit L – Minnesota Addendum

Exhibit M – New York Addendum

Exhibit N– North Dakota Addendum

Exhibit O – South Dakota

Exhibit P – Virginia Addendum

Exhibit Q – Washington Addendum

Date of Receipt of FDD: \_\_\_\_\_ Signature of Prospective Franchisee: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Print Name

Please sign and return one copy of this receipt to DaVi Nails Salon and Spa, L.L.C.. in person at 1559 West 3860 South, Salt Lake City, UT 84119 or by FAX at (801) 596-3033 or email: [vi.cao@davinails.com](mailto:vi.cao@davinails.com)

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Print Name

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