

FRANCHISE DISCLOSURE DOCUMENT

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

A Utah limited liability company
("DaVi Nails" or "Franchisor")

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

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A DaVi Nails franchise is a nail salon business operated under the name "DaVi Nails" in a Walmart center under sub-leasing arrangements through DaVi Nails Salon and Spa, L.L.C.

The total investment necessary to begin operation of a DaVi Nails franchise is approximately \$61,750 to \$112,000 depending on size and desirability of the location. This includes \$55,000 to \$95,000 that must be paid to the Franchisor or an affiliate. Monthly rent payments are also paid to DaVi Nails, including first month's rent of \$1,600 to \$4,500 which is due upon opening, essentially all of which is then paid to WalMart under DaVi Nails' master lease. A security deposit of \$1,600 to \$4,500 is also paid to DaVi Nails upon opening. If you currently own a DaVi Nails license that is in good standing, you will have the opportunity to become a franchisee without payment of any additional fees.

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. Don't 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 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: May 1, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit C - State Franchise Administrators for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. 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. THE FRANCHISE AGREEMENT REQUIRES THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. OUR DECEMBER 31, 2012 AUDITED FINANCIAL STATEMENTS SHOW THAT WE HAD A WORKING CAPITAL DEFICIENCY OF \$1,221,109 BUT A RESTATED MEMBERS' CAPITAL OF \$6,997,961, WHICH INDICATE WE MAY NOT BE ABLE TO MEET OUR OBLIGATIONS TO YOU AND MAY ALSO IMPACT ITS ABILITY TO PAY OPERATING EXPENSES.
4. 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. YOU MUST PAY US MINIMUM ROYALTY FEES OF FROM \$300 TO \$700 EACH MONTH, EVEN IF THE FRANCHISE HAS NO REVENUE.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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	October 23, 2013
Florida	March 9, 2014
Illinois	Pending
Indiana	June 18, 2013
Maryland	Pending
Michigan	April 3, 2014
Minnesota	October 10, 2013
Nebraska	March 8, 2010
New York	December 4, 2013
North Dakota	October 28, 2013
Rhode Island	June 17, 2013
South Dakota	October 21, 2013
Texas	March 8, 2010
Utah	March 22, 2014
Virginia	Pending
Washington	November 22, 2013
Wisconsin	September 9, 2013

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