

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

Email: vi.cao@davinails.com Webpage: davinails.com



A DaVi Nails franchise is a nail salon business operated under the name "DaVi Nails" usually 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 \$73,350 to \$129,500 depending on size and desirability of the location. Of this amount, \$65,000 to 105,000 will be paid to the Franchisor or an affiliate. 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. 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 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, 2017

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, 2016 AUDITED FINANCIAL STATEMENTS SHOW THAT WE HAD A WORKING CAPITAL DEFICIENCY OF \$2,962,033, WHICH INDICATES WE MAY NOT BE ABLE TO MEET OUR OBLIGATIONS TO YOU AND MAY ALSO IMPACT OUR ABILITY TO PAY OPERATING EXPENSES. YOU MAY WISH TO CONSIDER THIS BEFORE BUYING A FRANCHISE.
4. 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.
5. 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.
6. YOU MUST PAY US MINIMUM ROYALTY FEES OF FROM \$300 TO \$700 EACH MONTH, EVEN IF THE FRANCHISE HAS NO REVENUE.
7. WE DO NOT HAVE A FEDERAL REGISTRATION FOR THE PRINCIPAL TRADEMARK AND HAS NO PLANS TO SUBMIT AN APPLICATION. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.
8. 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	Pending
Florida	March 9, 2016
Hawaii	Pending
Illinois	June 20, 2016
Indiana	February 22, 2016
Kentucky	January 23, 2014
Maryland	Pending
Michigan	June 1, 2016
Minnesota	March 29, 2016
Nebraska	March 8, 2010
New York	March 13, 2016
North Dakota	February 25, 2016
Rhode Island	May 12, 2014
South Dakota	July 18, 2016
Texas	March 8, 2010
Utah	June 1, 2016
Virginia	Pending
Washington	Pending
Wisconsin	May 20, 2016

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